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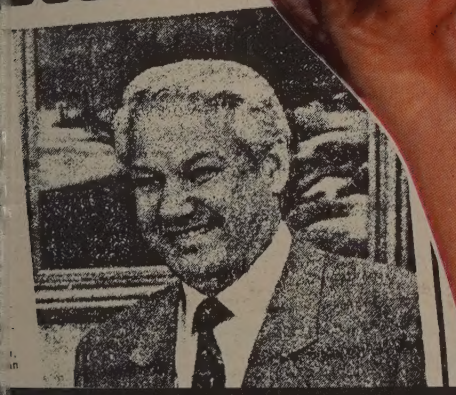

USLAN KHASBULATOV TAKES MASS MEDIA TO ACCOUNT

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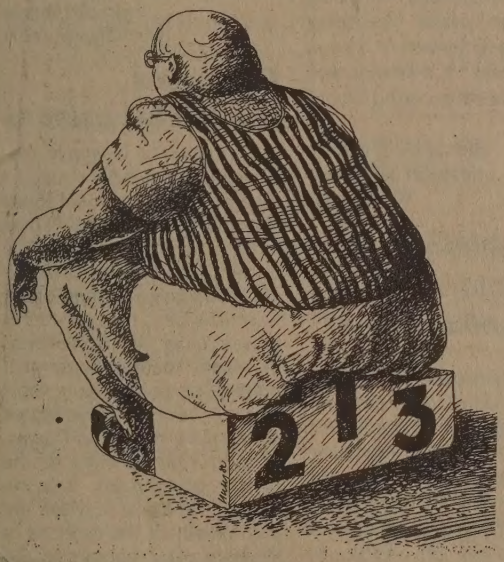

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Exchanging debts for assets

Your President should be given credit for returning from Munich a victor. Russia's major newspapers praised his oratory skills at the G7 summit.

And he is deserving of such praise. But the position of Yeltsin's aides remains nuclear to our experts. Take the idea of exchanging debts for assets. What can be its possible consequences? Many of our financiers think such an exchange is real only if a natural or juridical person can legally become the owner of real estate in your country. Laws guaranteeing such a possibility have been heatedly discussed by Russian legislators for a long time. There are also other "buts" which make the valuable idea of exchanging debts for assets unpracticable. For instance, the limited volume of assets to be sold and the compulsory consent of managers to their sale. I would advise the authors of your economic programmes: think everything out well before putting forth serious proposals.

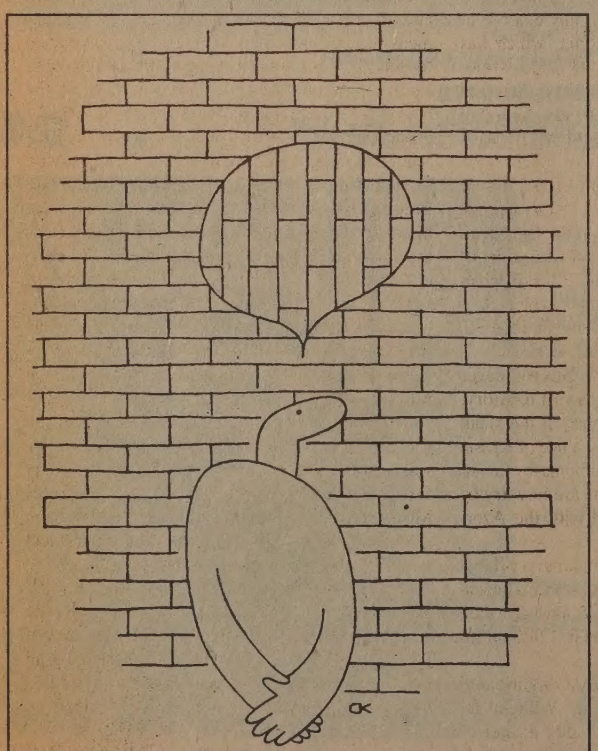
Domenique Lassalle, doctor of economics
Paris

Don't scrap what can be used

Many American scientists think there are a lot of untapped opportunities for cooperation with Russians in civilian and military fields. By disregarding them, we both lose. In the opinion of Edward Teller, the father of the American H-bomb, we could successfully work on a global system of defence against ballistic missiles. Specifying this idea, SDI director Henry Cooper believes that SS-18 missiles, instead of being scrapped, could be effectively used as carriers for the space deployment of "brilliant pebbles," one of the components of the "star wars" programme. One SS-18, with its launching load of 4.5 tons, could put in near-earth orbit several hundred interceptor missiles of up to five kilos each. Such intercepters could be used to detect and eliminate undesirable targets. Such an approach to SS-18 missiles is more rational in my opinion than merely destroying them. What is important, it would strengthen peace by raising obstacles in the way of "space gangsterism." It is strange that this idea never occurred to your leaders.

Alexander Cooper, research associate
Washington

THE WAY I SEE IT



Drawing by Sergei Kupria

International protectorate for conflict areas?

I am appalled at what is taking place in the so-called Commonwealth of Independent States – fighting in Moldavia, South Ossetia and Nagorno-Karabakh (No. 24), the discord over the Crimea and the Black Sea Fleet (No. 22), and bloody clashes in Tajikistan (No. 21). How much blood is shed in the Commonwealth and how much grief fills human hearts!

The following idea came to me when I read another article about the Karabakh tragedy. Wouldn't it be reasonable to establish an international protectorate over the territories torn by civil war? This wouldn't be done for ever, of course, but for a certain period, say for three to five years, in order to ensure peace in a given region and help its people restore the economy and return to a normal life, at least an acceptable one.

Administration over the region could be exercised by three or four countries not involved in the conflict. Such countries can probably be found among the NATO or CSCE member states. After the ending of the armed confrontation a referendum should be organized under international control and, simultaneously, legislative acts could be adopted to guarantee all civil and political rights to national minorities. Perhaps it is the only correct approach towards conflicts, one which politicians have been searching for a long time. It could also be used in "hot spots" outside the Commonwealth, say, in Yugoslavia, Eastern Timor, Kurdistan and other places.

Indradjit Gupta
Chandigarh, India

Ethics is a profitable business

Corruption is a widely discussed subject in our country. I dare not judge how just these charges are. But I also know facts of a different kind. The trade credits which Western states are going to offer Russia is assistance to their own companies rather than to Moscow. In recent months dozens of banks, consulting and legal firms and independent economists rushed to Russia, offering their services to the Gaidar government. It is no secret that these services are paid mostly at the expense of Western aid programmes. To put it mildly, the behaviour of some Western advisers is not always ethical. I know of a case of one foreign investment bank which tried to represent both sides at negotiations in Moscow – the Russian goverment and its traditional client. Wall Street pays lavishly for the services of such advisers and makes publicity for them in the overseas business circles. This practice is not ethical. Moreover, it can help spread an opinion among Russians that the Western business world consists entirely of people who are unconscientious.

Kurt Vogel, businessman
Hamburg

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Address:
Pushkin Square,
Moscow, GSP, 103782, Russia
Telephones: 229-88-72,
209-07-67
Telex: 411164a newt SU,
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Moscow turns more attention to the Far East, but it gets the cold shoulder

Foreign Minister Kozyrev's trip to the east of Russia and the Philippines is proof of Moscow's growing interest in pursuing a more active policy in the Asian-Pacific region. Today the chances for success in Russian diplomacy are much better there than in the West. In Europe, Russia is separated from priority partners in the European communities by a wall of national ambitions of former satellites and new states of the former USSR. Before supplying oil and gas to the West, for instance, Moscow has to overcome the petty chicaneries of Kiev, Minsk and Kishinev, which can shut they valves on key fuel pipelines.

More serious is the burden of the past which complicates Russia's relations with its Western neighbours and aggravates the situation in Europe. The conflict in Moldova, is the most glaring but not the only example. Moscow has to solve the problem of its troops stationed in Germany, Poland and the Baltic republics along with the division of armed forces in the Ukraine. It is faced with a host of territorial claims which may emerge at any time. In relations with Estonia, which has moved farther than others on the path of isolation, this problem is already on the agenda of bilateral talks, just as the drama of Russians living in neighbouring countries – now a problem for Russian policy in the West.

This reduces Russia's chance in Europe, first of all because the countries involved in these problems are full-fledged participants in the European process. Moreover, for many small countries, of which Europe actually consists, the East European and new states are more comfortable partners than Russia in the long term. These states can integrate into Western Europe more quickly and, what is important, they will merge with it. This will never happen to Russia at least due to its vast territory. Who will want to keep an elephant in the small "European home"? I think the presence of Russia in Europe will create not a few problems for the international order. The Europeans are now trying to get the Armenians reconciled with the Azerbaijanians, and in the future they will have to reconcile the Russians will the Ukrainians and Baltic peoples – apparently without success too. Thus, in Europe Russia senses quite visible, though often instinctive forces of repulsion, and it is difficult to overcome them.

In the Pacific towards which Russia was oriented in the early 20th century by Kaiser Wilhelm II, who wanted to become the undivided master of Europe, the situation is different. There are territorial problems with Japan and, future ones, with China. But, as distinct from Europe, they can be resolved. In the case of China, Moscow can agree to slight demarcation changes on the border which, with the establishment of a free frontier regime, would only make an abstract significance in terms of the local way of life. In the case of Japan the situation is more complicated because the territorial problem is closely linked with the internal political struggle and, what is more important, with relations between Moscow and the Russian Far East. Making a push towards cooperation with Pacific nations, Moscow did not take enough care to establish qualitatively new relations with its own regions.

Economic cooperation with Japan, South Korea and other South-East Asian countries, let alone immense continental China, is a highly valuable prize for the local authorities to yield such a monopoly to Moscow without struggle. Moreover, against the backdrop of the disintegration of the former USSR's economic machine the regional interests of the Russian Far East became manifest so much that ties with Tokyo, Beijing, Taipeh, Hongkong, Seoul and Bangkok have gained more importance for the local hierarchy than its ties with Moscow. Local politicians are nurturing an idea of re-establishing a "Far Eastern Republic" or forming a "United States of Siberia," an idea entertained by Siberian merchants back in the 19th century. It is clear that if Moscow tries to play its game in the Pacific without taking regional interests into account, these plans will gain priority in political discussions.

Moscow's failure to settle its relations with the Eastern regions is the main obstacle to Russia pursuing a more active policy in the Pacific. Any foreign-policy initiative in that region is fraught for Moscow with the possibility of dangerous shifts in domestic politics. Moscow can devise any project for settling the territorial problem with Japan – to return or not to return two or four islands. But the authorities of Sakhalin, Kamchatka and the Maritime Territory already have their own view of the problem and they intend to uphold it by all means necessary, including refusal to obey Moscow or even by declaring independence from it.

Vladimir Kulistikov

Dashnaks – the revolution's grey children

Opposition active but loses the first round

Thus far Armenia had seemed monolithic in the domestic political scene. That was indeed so – or nearly so. After all, Levon Ter-Petrosian's 80 percent vote at last autumn's presidential elections was already indicative. However, roughly a month ago the situation exploded into a political turnaround.

From coffee houses to parliament

The currently ruling Armenian National Movement has inherited the mantle of the Karabakh Committee, founded in 1988. Its development had much that was typical of ruling parties in post-communist societies such as Solidarnosc, Sajudis and the Popular Fronts. Yet there are some specifically Armenian traits. Thus the Karabakh Committee, subsequently the Armenian National Movement, started off not by fighting the Communist regime for the republic's independence, but with the demand that Nagorny Karabakh be united with Armenia.

To take over the Movement resorted also to populist ecological slogans, in the upshot of which the Armenian nuclear power station and Nairit chemical plant were closed down. The Karabakh Committee was made up of several Yerevan intellectuals, mostly scholars, who for years on end had debated Armenia's lot in Yerevan coffee houses. Subsequently they became the ideologues and leaders of the National Movement.

In 1988 Gorbachev had the full 13-men Karabakh Committee jailed in Butyrka for half a year. However, that only added to their popularity and considering the national support for the Karabakh issue the Armenian National Movement took over rather easily in 1990. Its leaders entered state structures and ever since the movement has been two-faced.

Armenian politics centre on the war

ITAR-TASS photo

The two faces

One of the two consists of the Movement's representatives in the government and parliament, inclusive of the President, who busy themselves with matters of state. However, it cannot be said that they pursued a party policy.

On the contrary, they are currently compelled to wrestle with the consequences of their own power struggle. Thus Armenia's energy crisis is largely due to the nuclear power plant shutdown, while the lack of hard currency revenues derives from the closing of the Nairit plant. No wonder the government advocates their reopening. This small republic's parliament has 260 members and it is always extremely difficult to assemble even a quorum. Further, the Movement's stupendous success and popularity are gradually giving way to disillusionment, as the reforms are but slowly and haphazardly implemented, while crucial decisions are adopted with great difficulty; as a matter of fact, even the formation of a national army drags.

As for the Movement as an organization, it is a rather loose structure, without individual membership. It was held together thanks to its striking leaders, but now that they are in the government and the parliament, it appears to be headless. Nor has the Movement become the basis for the present government which is held together by those erstwhile leaders. In short, it missed the boat, when it could have developed into an ordinary, well-structured party.

Leaderless Dashnaks

The nucleus of the current political opposition is the Dashnaktzutiun, or the Armenian Revolutionary Federation, one of the three so-called "historical parties." It was the ruling party during Armenia's short-lived independence in 1918-20. Ousted by Soviet power, it moved to the diaspora. However, after the Karabakh Movement emerged in 1989 it opened a branch in Armenia, even though its executive is still based in Athens.

The Dashnaktzutiun is a socialist party: indeed, it was a member of the Socialist International. To this day socialist rhetoric colours Dashnak activity, expressed mostly in persistent but incoherent talk about the "Swedish model" and the special Armenian socialism.

Insofar as this party has accumulated much experience in armed struggle and wears for Armenians a halo of warlike glory, its current propaganda is oriented mostly on the heroic. Its bellicose ardour is complemented by ardent anti-Turkism, as expressed for instance in demands to have no contacts with Turkey at all until it acknowledges the Armenian genocide of 1915.

One reason for Dashnak intolerance is that they come from the western part of Armenia and are for the most part directly descended from those who fled the 1915 massacre. Early in this century they had had some colourful leaders, who consciously opted for socialism. After Armenia was seized, the Dashnaks were either gunned down or expelled and existed in the isolated closed Armenian communities of the Middle East, Europe and subsequently America. Hence the current mania for secrecy. However, they have no notable leader at present. They nominated to run for the presidency one Sosa Sarkisian hoping his popularity as actor would bring votes. However, he obtained only 4 percent of the total poll, with Ter-Petrosian winning in a landslide thanks to his personal charisma.

Sacred cows

The Dashnaktzutiun is more than a party nowadays. It is in a way a mentality, nourished often by sundry myths. Thus it intensively spreads the notion that in Karabakh all the fighting is conducted by its men and with its money.

More specifically, its newspaper *Yergir* lists members killed in Karabakh although they by no means comprise the majority killed there. Similarly the myth of the 1918-20 Dashnak republic – incidentally due partly to the communist propaganda in school history books that qualified all Armenian resistance to Soviet power as Dashnak originated – is not quite true either, as in 1918 Armenia had a coalition government.

By no means only Dashnaks led and not only Dashnaks fought. Yet they did comprise then the most influential party, as the social democratic tilt characteristic of Europe during that period was typical of Armenia as well.

One more sacred cow concerns the wealth and political expertise of the Dashnaks, along with the influence they supposedly enjoy in the West. The pro-Western orientation, so typical of post-communist societies, has had effect in Armenia too, and most likely this is the second factor contributing to the party's popularity. Indeed, though the Dashnaks do have resources, scarcely are they decisive for the state.

The second "historical party," the Ramkavar Azatakan, a liberal democratic party, which is of the Armenian big bourgeoisie, is definitely richer. Note though that an ostentatious display of wealth does not always help. Thus, Soso Sarkisian's flashy and costly hustings in a near-starving republic boomeranged. Levon Ter-Petrosian did not barn-storm at all. As for the political expertise, in the West it is negligible, as the Dashnaks have never loomed high in the political scene in any country, with political experience amassed exclusively within the closed Armenian communities.

However, the Dashnaktzutiun is unquestionably ideal for Karabakh where its anti-Turkism, bellicose attitudes, promises of money and opposition to the current Armenian government are greatly appreciated. Its mentality fully accords with sentiments uppermost in Karabakh nowadays; small wonder it is now in the saddle in the Nagorno-Karabakh Republic.

Dissidents join hands with Communists

The Armenian army's major defeats in Karabakh triggered off attacks against the government and the President. The Armenian Liberation Movement's rating declined, which offerded the Dashnaktzutiun a chance of rallying around itself literally all the republic's political parties. An oppositionist parliamentary faction known as the National Alliance, which is reminiscent of the rightist-leftist opposition in Russia, has come into being. It incorporates besides the Dashnaks several so-called radical parties, the Democratic Party – an offspring of the former Communist Party, the Karabakhites and a segment of the old Communist Party *nomenclatura* hitherto represented by wavering Communist MPs. The resemblance to Russia is due precisely to the circumstance that the right-wing extremists have joined hands with the left-wing extremists. All of Armenia's radical parties are tiny, each relying on one specific leader, for the most part former dissidents who entered the movement for Armenia's independence in the 1960s yet and who were incarcerated for years in the Gulag.

Resorting to its Karabakh motto, the Dashnaktzutiun has cemented the opposition and augmented its popularity among Armenians saddened so greatly by the losses sustained in Karabakh. Strangely enough, this eventually boomeranged as by accusing the government of selling Karabakh interests down the river and being answerable for the latest defeats in the field, the Dashnaktzutiun thus renounced responsibility for the war and its leading role therein.

Its attempt to undermine the President's prestige and take over only subverted its own so recently grown popularity. The administration represented this sally as deliberately seeking to divide society precisely at a time when consolidation was vital for physical survival.

KGB to blame as always

In response to the opposition's offensive President Levon Ter-Petrosian took a not very original, but fortunate move, exploiting both the patriotic sentiments and the Soviet-type mentality of the Armenians. He trotted out a scapegoat.

In a televized address to the nation he urged the people and all political parties to rally in this hour of danger and accused Dashnaktzutiun leader Grair Marukhian of ties with the KGB. He demanded that this man leave the country within 48 hours, which was specifically legitimate as Marukhian is a Greek citizen. How far the charge levelled is true is hard to say, but as no denial was forthcoming, Marukhian left.

Afterwards the Armenian Liberation Movement made a small concession with the parliament adopting the resolution the opposition had tabled, which was for officials not to sign any document indicating Karabakh as part of Azerbaijan. Discussions of the Karabakh issue were thus pigeonholed for a while. A little later Karabakh Armenians mounted a counteroffensive and even recaptured some places. The government now has some breathing space.

Alexander Iskandarian

Freedom of speech under the axe

This absurd story could happen only in Russia. Over three months ago the neswspaper *Izvestiya* pointed to a glaring inaccuracy in a statement made by Ruslan Khasbulatov, Chairman of the Russian parliament. The Speaker did not comment right away. But recently, three months later, he claimed that he had the right of ownership to *Izvestiya* and indeed he gained it. Khasbulatov became the owner, but not in the literal sense of the word. Matters did not develop that far. The Speaker, however, can now dictate to the world famous and independent newspaper what to print and how.

The Russian parliament decided that its Presidium should ensure the publication of a newspaper of the representative bodies of power of the Russian Federation on the basis of the Izvestiya of the Soviets of People's Deputies of the USSR Publishing House and the newspaper *Izvestiya of the Soviets of People's Deputies of the USSR*. The Presidium also had to consider and approve the programme of work and the statute of this newspaper. The Ministry of the Press and Information of the Russian Federation was to help the present newspaper *Izvestiya* bring its founding and registration papers in accordance with law and assign premises needed for its formal functioning.

If this decision is carried out faithfully, **two** newspapers will have to be put out – the present *Izvestiya* and *Izvestiya of the Soviets of People's Deputies of the USSR*. Those who have even a vague idea of the realities in Russia will certainly be startled by the absurdity of this decision. But we Russian journalists who worked under the communist regime and have been inspired by perestroika, see nothing absurd in the decision, though we are appalled at the actions by the present authorities, which can be called democratic only with large stretch of the imagination. In Russia, the authorities have never tolerated a free press. The communist regime simply uprooted any manifestation of opposition, and there could be no talk of an opposition press in the past. The present authorities, however, suppress freedom of speech even more brazenly and insidiously.

One more aspect of the existence of the press under the communist regime in Russia should be known in order to clearly understand the dispute over *Izvestiya*. Under communist rule any newspaper or magazine had to be the mouthpiece of an organization. This meant first of all that a periodical had to express the opinions either of a party, state or government body. Secondly, and this was the main thing, this body directed the work of the periodical. In addition, there were vigilant officials in the powerful Glavlit (main censorship agency). On top of this structure was the all-powerful propaganda department of the party's Central Committee. Once a month the chief editors of politically significant periodicals were summoned by it, and a top official set political guidelines for them. The Central Committee constantly gave the correct political line.

In the years of perestroika this system was gradually dismantled. After the law on the press was adopted in 1990 it broke down completely, though the convulsions of dying political censorship continued to disturb society for a long time. Attempts to revive political censorship have never ceased, and recently they have increased so much that the authorities tried to simply re-establish their control over the mass media. The most glaring example is the *Izvestiya* case. This newspaper has always been regarded as the mouthpiece of the Presidium of the Soviet parliament. To some extent, this was close to the truth. Indeed, *Izvestiya* carried more material about Soviets, people's deputies and the government than other newspapers did. However, its ideological principles were laid down by the Party's Central Committee. The Politburo appointed the editor-in-chief and associate editors of the newspaper.

Drawing by Igor Shein

A year ago the *Izvestiya* staff waged an arduous struggle against Anatoly Lukyanov, then Chairman of the Soviet parliament and a future putschist, in order to become an independent newspaper. Lukyanov, just as Khasbulatov today, had a fervent desire to dictate his will to *Izvestiya*. Had it not been for the August coup attempt Lukyanov would have finally brought the newspaper under his con-

trol. Lukyanov's henchman Nikolai Yefimov, then the newspaper's editor-in-chief, rigidly toed the line of his master.

On August 19 of last year the abolition of freedom of speech and information was naturally one of the first actions taken by the coup leaders. Only the ballet *Swan Lake* and the putschists' decrees were broadcast by all TV channels, and the publication of only eight newspapers, *Izvestiya* included, was allowed. The putschists were confident of Yefimov's loyalty and he was indeed proud of this trust. However, their favour and Yefimov's best-friend status proved humiliating for the *Izvestiya* journalists. A greater humiliation could hardly be imagined. After the coup had been put down the newspaper wrote: "We did not have the honour of being banned by the putschists together with the best periodicals of the country." Nevertheless, in spite of rigid censorship and thanks to the adamant will of the editorial and printing-house staff, *Izvestiya* published an account of Yeltsin's appeal "To the citizens of Russia".

Right after the putsch had been crushed Nikolai Yefimov was dismissed by a decision of the staff, and Igor Golembiovsky, the acknowledged leader of the staff, was elected editor-in-chief. On August 23 *Izvestiya* was re-registered at the Ministry of the Press and Information of Russia as an independent newspaper. The words "of the Soviets of People's Deputies of the USSR" were deleted from the title. The Presidium of the Supreme Soviet of Russia now contends that it is the lawful successor to the Presidium of the Soviet parliament and therefore has the right to have *Izvestiya* as its newspaper.

It will be recalled that last August, when *Izvestiya* has altered its status, the Russian parliament and its leaders obviously sympathized with the changes in the newspaper. "Today all people should be guided by their conscience and duty, and not obsequiously serve the regime of the usurpers of power," Ruslan Khasbulatov said then. He now repeats arguments we heard from Lukyanov in the past, namely, arguments about the danger and harm of freedom of speech. The present manoeuvres with the aim of bringing *Izvestiya* back into a subordinate position are an open revenge-seeking attempt by high-placed bureaucrats who appear to be in power again. They manage to take revenge in the economic and political spheres and now the time has come to do the same in the mass media.

At the Sixth Congress of People's Deputies of Russia held in April of this year Ruslan Khasbulatov said: "Very many deputies applied to the Presidium of the Supreme Soviet and the Presidium of the Congress. They offered their proposals regarding *Izvestiya.* The newspaper experiences great difficulties. It has run into debt, over a billion rubles, it seems, and not only because of its economic difficulties but most likely because it is losing readers. For that reason deputies propose that *Izvestiya* regain the status of the newspaper of Soviets of all levels."

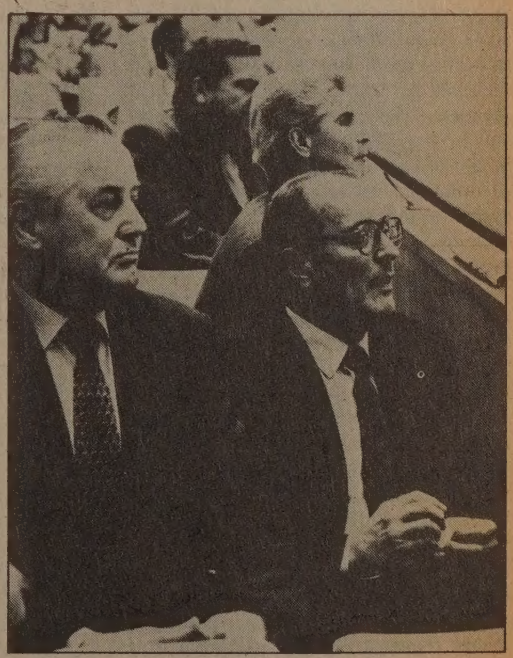
It will be a great exaggeration to say that *Izestiya* has a billion-ruble-debt and that it is losing readers. The financial position of the newspaper is far from being brilliant. The overall disastrous state of the Russian economy is having its effect. There can be no talk of any debt, however. *Izvestiya* is entering the market perhaps more confidently than other periodicals. It gains sizeable incomes from advertising. Steady economic ties have been established with Western firms and companies.

"In the wake of political independence came full economic responsibility for the publication of *Izvestiya,"* says Mikhail Berger, editior of its economic department. "Since last January 1 we have been publishing the newspaper only on the money we earn ourselves, without receiving a ruble or cent from the state. Like all other periodicals with a curculation of several million copies, *Izvestiya* found itself in a situation where every issue was produced at a great loss. The newspaper did not break its agreement with subscribers who paid for the annual subscription last year the, now symbolic, price of 29 rubles and several copecks. *Izvestiya* spend most of the sums earned by it on modernization of the printing equipment. We thought about the incomes of our editorial staff last, and today they are less on the average than what journalists receive in many other periodicals. Thus, Khasbulatov's words are a flagrant overstatement." It was also a gross inaccuracy to say, as he did, that people had stopped reading *Izvestiya.* The newspaper is published in an edition of 3,800,000 copies. In the Commonwealth of Independent States it has the second largest circulation, after *Trud,* among the dailies.

Izvestiya, with its wide readership, high reputation and, besides, reliable financial basis, attracts the eyes of political forces and authorities at various levels who find it hard to resist the temptation to use the newspaper in their own interests or, even better, to place it under their full control. This is what Ruslan Khasbulatov is seeking, the more so that he has a personal grudge against the newspaper. In April of this year the Speaker of the parliament summoned the directors of Moscow hotels and ordered them to evict all Chechens who reside there. The unlawful demand was fulfilled. *Izvestiya* reported with what brutalities the eviction was accompanied. The newspaper also accused the Speaker of using government money on a private trip to Italy for the presentation of his book there. It wrote about the persistence with which Khasbulatov strove to nominate himself for election to the Russian Academy of Sciences.

Izvestiya cited insulting statements which had become a habitual style for the Chairman of the Russian parliament. It pointed out more than once that the Speaker exceeds his constitutional authority and assumes the rights and functions of the parliament and even the government. Khasbulatov once said: "*Izvestiya* is among the corrupt and subversive periodicals." He did not specify, however, who bribed the newspaper and with what sum, and he is unable to do that because it is a slander. The campaign of scapegoating the newspaper has begun.

But the main reason for Khasbulatov's hatred for Izvestia is different. The news-



In August 1991 *Izvestiya* supported the Russian White House. Today in the Supreme Soviet hall Ivan Laptev and Igor Golembiovsky watch the MPs attacking this newspaper

paper supports the Gaidar government's policy of reforms. It also sympathizes with President Yeltsin. This support cannot be described as unqualified. The newspaper often chastises the government and the President. But on the whole it is favourably disposed towards them.

The work of the parliament and the activity of its Speaker are elucidated by *Izvestiya* in a critical light, and there are serious reasons for that. Today the Russian parliament is a bastion of anti-democratic and anti-reform sentiment. Elections for it were held at a time when the Communist Party had not yet lost its power and ability to impose its will on the voters. The high-placed bureaucrats, who grew quiet after the abortive coup, have recovered now and pursue an overtly pro-communist policy. The democratically-minded members of parliament, who are in the minority, are unable to resist this pressure. *Izvestiya* and, incidentally, many other periodicals write about this disturbing situation in the Russian parliament.

The public views the dispute over *Izvestiya* as an echo of the confrontation between the parliament and the government, between Khasbulatov and Yeltsin. The attempt to subordinate the influential newspaper is evidently has not only a legal aspect as much as a clearly expressed political character. The *Izvestiya* case apparently offered the speaker a convenient opportunity to test his political weight. It turned out that Khasbulatov carries considerable political weight in the parliament. He's building a case for "robbery" and, it seems, he will succeed.

At the same time the *Izvestiya* case unexpectedly revealed President Yeltsin's weakeness in the political scene. He did not take a clear stand on the matter, though there was no shortage of energetic statements. "The attempts to curb the press can throw us back into the sad times of silence and jeopardize the young democracy," the President said on July 14. That is true. However, he did nothing to defend *Izvestiya* and the democratic press in general. The question of *Izvestiya* was submitted to the parliament for discussion and a decision was passed to consider it the newspaper of Soviets.

The deputies and the parliament as a whole can no doubt disagree with the newspaper, lay claims to it, protest against some of its articles, and disapprove of moral or political principles upheld by it. But everything must be done within the limits of laws adopted by the deputies themselves. In the given case, however, the legislators were guided by ambitions, not the principle of law. In the course of debates on *Izvestiya* sober-minded deputies proposed referring the case to the court. In their opinion only the court has the right to pass a qualified decision on this issue. But the proposal was turned down by a majority of votes. The deputies acted in keeping with the principle which prevailed under the communist regime: we are the authority and therefore can do anything. The USSR parliament was guided by this principle, and members of the Russian parliament seem to have accepted it too.

It is not only a matter of *Izvestiya* in the given case. It is a broad attack on *glasnost* and freedom of speech. Deputies intend to restore censorship over the Russian mass media. For this purpose they propose forming a supervisory council to consider whether the material published in the press or broadcast on radio and television is in keeping with the parliament's policy or, as the appropriate draft says, "to regulate the coverage of the activities of higher bodies of authority and government." What it means is well known from the recent history of the party and Soviet press. It is the beginning of the campaign to smother freedom of speech.

It is suprising that a great many nationatist, chauvinist and fascist-type periodicals have appeared lately. They openly call for the overthrow of the constitutionally elected power. Yeltsin and the Russian government are labelled by them as "a provisional occupation government." *Den* (Day), *Narodnaya Pravda* (People's Truth), *Literaturnaya Rossiya* (Literary Russia), *Pravda, Sovetskaya Rossiya* (Soviet Russia), *Molniya* (Lighting) and *Chto Delat?* (What's to Be Done?) and many other newspapers have unleashed a campaign of abuses and insults against the peoples living on the territory of Russia and call on the people to take up arms. But the parliament does not seem to notice that. Ruslan Khasbulatov even said he made no distinction between *Den* and *Nezavisimaya Gazeta* (Independent Newspaper). *Den* is an openly fascist-type paper while *Nezavisimaya Gazeta,* a liberal periodical. Only reckless people can try to build a law-governed state without distinguishing political colours.

Though the parliament has placed *Izvestiya* under its control, it so far continues to appear as an independent newspaper.

Nikolai Andreyev,
Izvestiya staff writer

Appeal to the President of Russia

The International Institute of the Press has urged President Yeltsin to defend the independence of the Russian news media, *Izvestiya* in particular.

The institute, which unites journalists, editors and publishers from almost all major countries of the world, has called on the President to "provide guarantees so that the Russian press can play an important, considerable role in the democratic processes."

"The adoption of laws intended to restrict the freedom of journalists," its message says, "can only pave the way to a return of those grim decades when freedom of speech and the press was suppressed. We urge you to use all your authority so that this will not happen."

Red star? Or Holy Cross?

What some Western publications opine nowadays reveals a curious metamorphosis. The initial euphoria felt over the emergence of the new democratic Russia is yelding to a cautious look at her policy. As one newsman put it, egoistic parents behave likewise, when their grown-up children show their character. Thus, the German *Die Welt,* which had entertained great sympathies not only for Yeltsin, but also for Gorbachev, only recently took a totally different tone, voicing anxiety, not to say displeasure. It fears the new Russia may revert to the policy of aggrandizement of the type the USSR had pursued, if not under the red star or hammer and sickle, then under the "Orthodox Cross."

Such views could be seen as accidental, if not for the following two factors. Firstly, *Die Welt* is known to be closely associated with Chancellor Kohl, while secondly it is far from being the only one to look for the roots of the new Russia's policies in the past, not in the recent past, but in the more remote past, when Orthodoxy like Slav solidarity comprised a most tangible political factor. Especially often heard are allusions to such traditions in connection with the stand Russian diplomats took at the different phases in Yugoslavia's sanguinary conflict.

Note that after some vacillation Russia supported the sanctions against Serbia and subsequently against the new still unrecognized Yugoslavian Federation incorporating Montenegro with Serbia. Moreover, Moscow approved sending a UN force to Sarajevo and at the Security Council's meeting this month agreed to have this UN force greatly augmented. In this fashion Russian diplomats showed that they sought to cooperate with the West, with the civilized world, though at the same time preventing some Western powers, especially Germany, from expelling the new Yugoslavia from international organizations, more specifically CSCE. At their recent meeting in Helsinki CSCE leaders confined themselves to suspending Yugoslavian membership temporarily, the result of the influence brought to bear by the Russian delegation that President Yeltsin headed.

Russia's seemingly double standard policy is censured from two sides, by the nationalistic Serbians who have condemned the "apostasy" of their traditional patrons, the Orthodox Slav brothers, and by Western politicians and news media who, on the contrary, deplore Russia's veiled support of the sabre-rattling Serbians. However, the evidence shows that Moscow's outwardly contradictory zigzagging has brought prospects and chiefly time for settling the Yugoslav crisis. It has served to take time out during which the newly proclaimed Federation has got itself a new president, the poet Dobrica Čosić and a new Federal Premier, the Serbian-born American millionaire Panić, who appear to be elbowing out Serbia's national communist president Milošević and the generals. In the upshot the warlike policy is yielding to a more pragmatic line of compromising with the republics that have seceded from the federation, and with the West that supports these republics, which the truce with Bosnia has demonstrated. It is quite possible that this will pave the way for a long-term political settlement.

Though this is thus far but a probability, it must be noted that similar prospects have opened up on the other side of the Mediterranean, in another, older but as dangerous, flashpoint, the Middle East. We owe this to the deposition in Israel, in the outcome of the recent general election there, of the intransigent Shamir and the emergence of Yitzhak Rabin's new Labour Party government. Rabin immediately offered to arrange a meeting with the Arab leaders. For the first time in six years a summit with Egypt was possible and it is quite likely that Israel's old adversary Syrian President Assad will join in.

Though it is still not clear whether the chance of peace will be implemented in practice, one thing is quite obvious. This is that among the factors contributing to the new situation in the Middle East is Russia's well-balanced policy of promoting ties with Israel, yet not interrupting contacts with the USSR's old partners in the Arab world, especially Syria and the Palestinians. Scarcely logical are Western quarters pressing for Moscow's curtailment of such relations, as apart from everything else it must not be forgotten that long before the "hammer and sickle" overshadowed Russia, it exerted influence in the Middle East thanks more specifically to its links with the Orthodox churches and communities that from times immemorial preached the Christian faith and did good work there. Indeed over the last decade or so, the various Orthodox communities played a buffer role in the Israeli-Arab conflict, while in the civil war in Lebanon, they directly engaged in peace-keeping efforts with, for instance, their churches serving as venues for secret talks between the Catholic Maronites and the Moslem Shiites.

In the context of growing confrontation between the West and the Moslem world, bridges of that nature are particularly important even globally. Though in this present day and age we should not absolutize any particular faith, we should not be afraid of them either. So why fear should Russia in her policies adhere to tradition and uphold national interests that may not always dovetail with the specific interests of the USA, Germany, Japan, China, Iran, Turkey, Lithuania or even Ukraine. Otherwise Russia's options for contributing to stronger international stability would be far less. Thus the London-based *Economist* admits that should Russia's pro-Western policies incorporate "Eurasian" elements, that will not at all threaten the West or the world community generally. We more specifically see the threat to the interests of the world community emanating from a totally different quarter, to wit efforts to pressure Russia into conceding her own national interests. In that case, we may really see symbols more reminiscent of the five-pointed red star than the Holy Cross re-emerge.

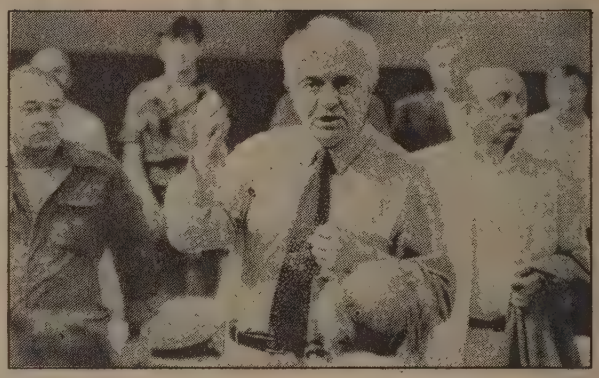
Dmitry Volsky

THIS WEEK

■ While shooting in the Dniester area abated, political passions in the Moldovan capital of Kishinev flared. Indeed, the moment Mircha Snegur signed in Moscow the agreement with Russia resolving the conflict, the parliamentary majority backing his tough stand vis-à-vis the Dniester Republic disintegrated. Differences among the parliamentary factions keep snowballing. The Snegur administration is accused of selling Moldovan interests down the river, with followers of the pro-Romanian Christian Democratic Popular Front particularly active in this respect. President Snegur seems unable to form a coalition government, as MPs are torpedoing the ministerial candidates Premier Andrei Sangeli nominates one after another. Rumours are afloat – unconfirmed thus far – that a coup is in the making. Armed men are flocking to Kishinev from the theatre of hostilities, swelling the demonstrations in the Great National Assembly Square outside the parliament. Calls are issued that Premier Sangeli resign, that the frontline soldiers in the Dniester area negotiate with the Higher Security Council, that Moldova withdraw from the CIS, that the parliament be dissolved and that the Russian 14th Army be barred to disengagement. Nevertheless disengagement has begun and is proceeding, observers in Kishinev say, within the context of a "freeze on conflict causes" thus far outstanding. The basic problem is how deep this freeze is and how long it will last.

■ Boris Yeltsin's lightning tour of several Russian provinces was of record length and rapidity. Thus in three days he visited the Krasnodar Territory, Kalmykia and Omsk, meeting and talking with hundreds of people. With his customary flair he cut through several unresolved matters, more specifically, cash for Kalmykia and Omsk and the hard currency account for the Omsk oil refinery. Basic though was the effort to establish closer contact with ordinary Russians, to consolidate the confidence in him that may have been eroded by the present ordeal. True, he could not offer any consolations inasmuch as prices will continue to soar, true under control, while grain purchasing prices will also go up, although not in excess of 10,000 rubles per tonne. Though nothing sensational occurred and though no major painful issue was resolved, on the other hand populace now have a better notion of what the President wants of his reform policy, while at the same time bringing the "vox populi" closer home to Yeltsin himself.

■ Georgian leader Eduard Shevardnadze demonstrated exemplary courage when he went out to Mingrelia in Western Georgia as there terror is rife, with cars, pedestrians and trains robbed, almost daily, where an attempt was made on the life of his deputy Jaba Ioseliani and where Georgian Vice-Premier Alexander Kavsadze was kidnapped. What he had sought to achieve there, though, was to bring peace and preserve unity in a republic rent by a fratricidal struggle. However, Mingrelia which is regarded as a bulwark of ex-president Gamsahurdia's followers, met Shevardnadze with mass demonstrations and protests, as the result of which he had to abort his trip, thus failing to repeat his spectacular Ossetian achievement.



■ Another headache for Shevardnadze is Abkhazia, as while he was still in Mingrelia, the Abkhazian parliament proclaimed the former autonomy a republic, and restored the old, 1925 Constitution. Asked by newsmen whether this might not imply Abkhazia's secession, the Abkhazian parliamentary speaker answered in the negative, noting that according to the aforesaid Constitution, a special agreement had been concluded whereby Abkhazia, as part of Georgia, had been incorporated in the Transcaucasian Federation. Nonetheless Georgia's response has been extremely sharp, with its State Council qualifying the Abkhazian decision as unlawful. Back in Tbilisi Shevardnadze called it a "crass blunder" generating "a deadlock."

■ Never put off till tomorow what you can do today, they say. This wise maxim was confirmed by the flight to Odessa of a coast guard ship based in the Crimea. According to Boris Yeltsin, meeting Leonid Kravchuk in Dagomys they had discussed virtually everything except the lot of the Black Sea Navy, which they had decided to put off for a while. However, now President Yeltsin avers: "I shall have to meet the Ukrainian President again, as it will be impossible to settle the matter at any other level." Indeed the coast guard ship's flight to Odessa may blow up into a grave political issue if negotiations on the lot of the Black Sea Navy are further delayed, the more so as sabre-rattling by naval chiefs in both states is rapidly growing and may become uncontrollable.

■ Another acute issue, long a thorn in the side of the Russian administration, is how to preserve the Russian Federation's unity and territorial integrity. The headache this time is due to breakaway trends in Tuva, whose Free Tuva Popular Front sought to collect signatures for a popular referendum on independence. True, subsequently it decided to suspend this campaign indefinitely not to "inflame the situation." However, it only added fuel to the fire when it tabled in the local parliament a proposal for Tuva's right to self-determination up to secession from the Russian Federation. Tuva officialdom claims Free Tuva is destabilizing the situation and

aggravating inter-ethnic relations. In the upshot Russians are fleeing from Tuva, selling houses and land for peanuts, if not deserting them altogether. The Association of Homeless Tuvinians meanwhile occupies these houses. It is hoped President Yeltsin will issue an edict that will settle the issue in this republic, 90 percent of whose budgetary expenditures are financed by the Russian Federation.

■ Political passions in Tajikistan are again running high, with the republic rocked by unrest in the Kurgan-Tyube region. The formal communist-democrat confrontation has actually developed into ethnic and clan conflicts with armed groupings of no clearly defined political orientation fighting one another. Thus far this has caused some 200 peaceful civilians killed and another 400 wounded, while the number of hostages and those missing is unknown. The "power vacuum" emerging in Tajikistan is not lending itself to the solution popular leader Davlat Khudlatnazarov, head of the conciliation committee, futilely seeks. All his efforts are offset by lack of a clear-cut programme for extricating the republic from its present crisis. The lurking phantom of civil war may be averted only if the opponents, meeting in Khorog, resolve the basic issue of disarming the hostile groupings.

■ The International Orphanage Foundation has announced that it will evacuate all orphans from areas of CIS inter-ethnic conflicts to a humanitarian hospital outside Moscow. Surely adults should behave with greater circumspection.

■ The by-election in the Dmitrov district outside Moscow was as such of no particular significance, at best returning one more MP or at worst leaving the seat vacant. Yet the 12 contestants in the running plus the plentiful canvassing by democrats, patriots and Communists as well the event's highlighting in the media showed that what was at stake there was the political lineup in society generally. But as only 29.98 percent of the voters on the electoral rolls turned out, the by-election was declared invalid. Which only demonstrated to the supporters of Sergei Shakhrai, who in March yet had called for new general and local elections, of the revenge-thirsty Communists, and of the patriots who thought their hour had come, that people generally are tired of political games.

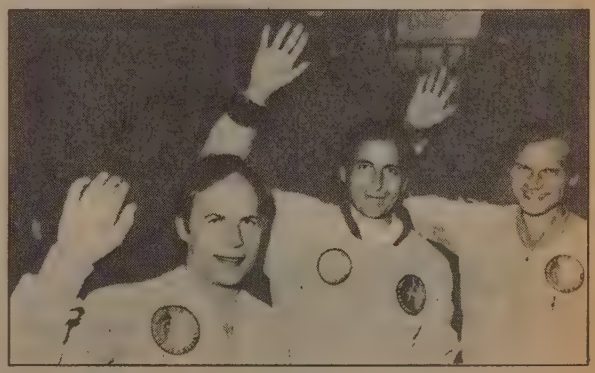
■ The 21 agreements signed in one go at a meeting in Moscow of the Russian and Byelarus governments on major points of principle in bilateral relations are permeated with the spirit of compromise and mutual goodwill. This firstly concerns Russia's decision to foot Byelarus' entire foreign debt, and thus enable this republic to exploit its own hard currency reserves to advance its economy. Nor did "division" of the armed forces, recently a painful issue for the former Soviet republics, generate any disputes. All defence matters were peacefully settled. The crucial accords include agreements on mutual deliveries of various produce, raw materials and food, and a common approach to taxation and the pricing of produce exchanged. One more major agreement relates to the use and backing of the ruble as the common monetary unit. With these achievements so sensational, observers wonder whether a Russia-Byelarus confederation might not emerge within CIS.

■ The Very Reverend Khambolama Munko Tsybikov, head of Russia's Buddhists, has died at the age of 84, after only two years in this office. According to local Buryat and Buddhist custom, the mortal remains of this oldest of Buryatia's Buddhist priests, who after graduating from a Theological Seminary before the revolution, was incarcerated in Stalin's Gulag in Kolyma, were cremated on the day astrologists selected as favouring burial.

■ Russia's acting Prime Minister Yegor Gaidar tossed a bombshell at a cabinet meeting, when he said there were plans to halve hard-currency financing for Russia's Foreign Office – which of course, devastatingly strikes at Russia's young diplomatic service.

■ Curious efforts are made to tackle the extreme shortage of hard cash in Russia. Thus the Irkutsk Heavy Machinery Plant has printed its own modest 50 and 150 ruble coupons that are used, true, only within its grounds. Similar scrip is issued by plants in Bratsk, Shelekhovo and of the Sibteplomash Corporation in Siberia. That printed in Abakan and at the Sayan aluminium plant features pictures of shop superintendents instead of the usual Lenin profile. In and around Tver, due to lack of coinage given customers in place of small change are clothes pegs, which, true, shops will not accept again. Apprehended in Omsk was a juvenile counterfeiter who drew a 500-ruble note with an ordinary ballpoint pen that he successfully passed to a Mongolian citizen at the railway station. The fake note was very much like the genuine article.

■ The call sign Rodnik has again been sounded on the frequency of the Baikonur spaceship launching-site. It belongs to the captain of the international space crew, Colonel A. Solovyev, who commands the flight of the spaceship Soyuz TM–15. A French astronaut-explorer Colonel Michel Tognini is



one of the crew. He was Jean-Loup Chrétien's double during the French astronaut's second space flight. It was then that he married a Russian girl, a teacher of PT in Zvyozdny Gorodok (the space training "capital").

The project Antares which involves a large-scale programme of scientific, technological and medical investigations will be carried out on board the spaceship. It has been stated that henceforth the Russian-French cooperation in the field of piloted space flights will develop on a commercial basis only.

RAIN

RAIN announces that the following lots will be offered at the auction due to take place on August 22, 1992:

No	Name of the object	Premises (m^2)	Degree of completion (%)	Starting price 1,000,000 rubles
1.	A baker's & confectioner's shop in Maryino, a separate 1-storey building	724	95% completed. Utility-service lines started	18.8
2.	A cafe in Mitino, a separate 1-storey building	892	Basement floor completed	7.0
3.	A baker's & confectioner's shop in Maryino, a separate 1-storey building	695	100% completed. Utility-service lines under construction	10.0
4.	A public catering enterprise and premises for self-employed labour in Novo-Kosino, a separate 1-storey building	1,343.15	100% completed. Utility-service lines, except power network, completed	22.0
5.	A coop laundry and dry-cleaner's in Yasenevo. A separate 2-storey building with a floor for technical equipment and a basement	4,155.2	60% completed	35.0
6.	A sports club and a special interests club in Maryino, a separate 3-storey building	3,354.0	100% completed	52.0

In addition, RAIN offers real estate for sale in Moscow and other regions of Russia.

Contact telephone: 220-00-01.
Those who prefer personal contacts to phones are invited to see us at: Moscow, Slavyanskaya Ploshchad (former Ploshchad Nogina) 4, 5th floor.

Many questions still unanswered

As long as we pretend to be carrying out reforms the West will pretend to be helping us

For 18 years now the top leaders of the most powerful industrial states have met annually and the world, holding its breath, has awaited sensations. But usually there have been no sensations. The level of the participants was too high for concrete decisions to be made. Too many hopes are linked with the meetings by this "world government" which is not world and cannot be such. In this respect the Munich summit was not exception either.

On top of the pyramid

The G-7 meetings initiate the work of other international organizations in the coordinated fields of activity. A harmonious system of international organizations has taken shape in the West. They are in charge of concrete areas of the world economy regulation and directly fulfil the political decisions made by the Seven.

On top of this system are G-7 meetings which have transformed from forums discussing mainly financial and economic affairs into a body for the coordination of political interests. The G-7 meetings have no permanent secretariat or a working body. This role is fulfilled by government bodies of the host country. All major points for the agenda are submitted for consideration by specialized international agencies and their conclusion on one or another problem often proves final for the Seven.

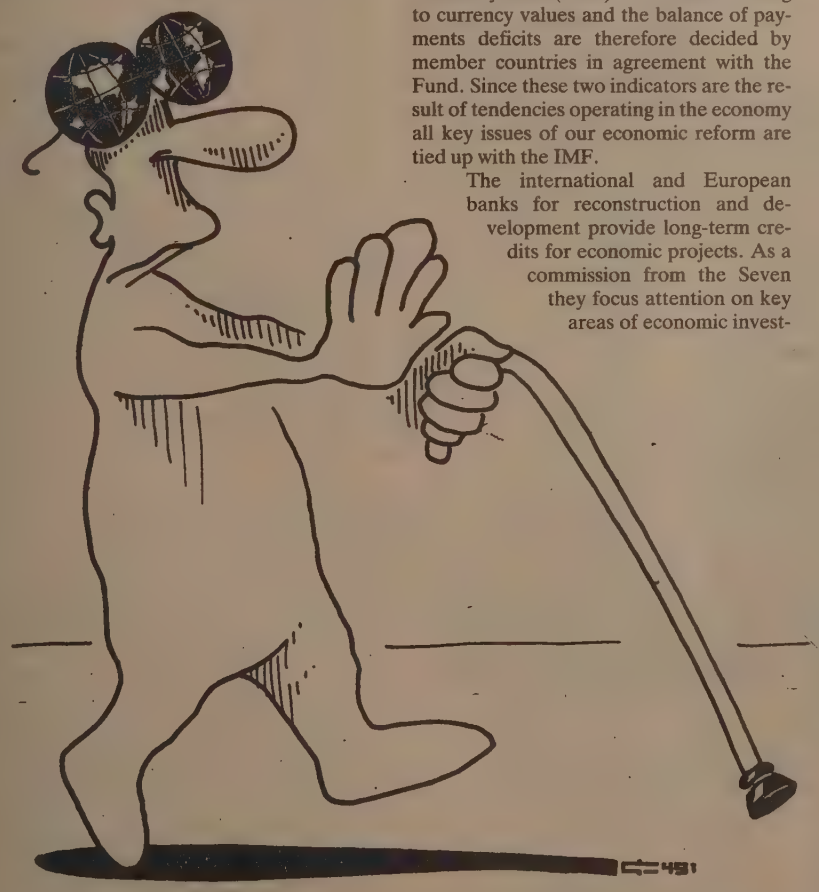
The international currency and financial system is regulated by the International Monetary Fund (IMF). All matters relating to currency values and the balance of payments deficits are therefore decided by member countries in agreement with the Fund. Since these two indicators are the result of tendencies operating in the economy all key issues of our economic reform are tied up with the IMF.

The international and European banks for reconstruction and development provide long-term credits for economic projects. As a commission from the Seven they focus attention on key areas of economic investment which can help a given country ride out a crisis. In the case of Russia, emphasis is laid on the fuel and power branches, privatization, agriculture, conversion, and highly essential import.

The regulation of international trade is the principal function of the General Agreement on Tariffs and Trade (GATT), which is also influenced by the Seven. Trade in goods and technologies which can be used for both civilian and military purposes is regulated by the coordinating committee for control over export (COCOM).

All matters relating to debts are settled by the international organizations which call themselves clubs. The Paris Club unites countries which are the official creditors of other countries, whereas the London Club includes private creditors.

Such are the most important universal organizations which directly fulfil the G-7 instructions. To them should be added powerful regional organization (the European Community, the European Free Trade Association) and international commodity agreements (on coal, textiles, sugar, etc.). Since the seven leading industrialized states of the West are the principal members of these organizations it becomes evident that their real influence on world economic processes goes far beyond the general declarations adopted at their summits.



Drawing by Sergei Fedko

"Cordon sanitaire"

It would be wrong to assess President Yeltsin's meetings with Seven leaders in millions or billions of dollars. Applying political, not quantitative, criteria in the evaluation of the Munich summit, we can note certain achievements of Russian diplomacy. First, judging by the tone and character of the summit, it signified the ending of the economic aspect of the Cold War. Boris Yeltsin had a chance to put paid to the economic confrontation between the two economic systems, virtually admitting that we have lost the Cold War. This admission was necessary as the starting point for new relations between Russia and the West, based on the principle of a subordinate partner-

ship – relations between industrial states and developing nations.

Secondly, the Munich summit showed that the West realized one truth – Russia is not India, Argentina, and not even Poland, and therefore it would be hopeless to apply to it the same criteria which the West uses in its relations with most other developing nations. The joint statement made by Russia's acting premier Gaidar and IMF managing director Camdessus on the eve of the Munich summit became a turning point in relations with the IMF, which agreed to open "the first credit line" for Russia.

Thirdly, the summit revealed that the West is prepared for some time to tolerate the muddle of wars breaking out in the outlying areas of the former Soviet empire and to help solve at least some of the key problems. But if we fail to establish order within reasonable terms the West will use a reserve strategy. It will fence itself off from Russia by a "cordon sanitaire" consisting of the rapidly developing East European democracies, concentrate its aid on financing the disarmament of the Russian army, in keeping with the agreements already signed, and on the conversion of the defence industry. When Russia substantially cuts its nuclear weapons and the United States introduces an anti-missile defence system the West will evidently lose interest in more or less serious negotiations with us.

Symbolic aid

The economic benefits of the Munich summit for Russia proved far more modest than the political gains. The proposal to admit Moscow to the G-7 was not accepted, though Russia seems to have grounds to lay claim to the eighth place in the present world economy. The main obstacle, as the West sees it, is the absence of firm guarantees that the principal macro-economic tendencies in Russia will develop along the path acceptable to the West.

A new medium-term programme of reforms, clandestinely drawn up by a group of experts, adopted by the government quietly and discussed by the parliament without publicity, has nowhere been published in full. There is no guarantee that in the new programme local economists, who have dealt with the socialist planned economy all their lives, have envisaged such ways of solving Russia's economic problems that would satisfy the West, so that it would no longer limit cooperation with Russia to humanitarian aid.

Before making a decision on any economically significant crediting of Russia, the IMF, the World Bank and the European Bank for Reconstruction and Development should evidently receive from it satisfactory answers at least to the following questions.

How and when does the Russian government intend to cut the state budget deficit from the present 18 percent to the promised 3 or 4 percent of the GNP and inflation from the present 360 percent to at least 36 percent a year?

When will prices, of fuels in the first place, be liberalized at last and subsidies to obviously unprofitable enterprises cancelled?

When will real privatization be carried out in Russia? After all, one can hardly describe as privatization the sale of about 100 tobacco kiosks.

Can privatization of land be expected?

The question of making the ruble convertible is not at all clear. The government promised to carry out this measure by July, setting the exchange rate at 80 rubles for one dollar. Instead, the operation was reduced to a half-speculative and unilateral exchange at the rate of 130 or 140 rubles for one dollar. No respectable businessman will make investments in the Russian economy without the state-guaranteed right of freely buying any currency for rubles and taking it out of the country.

Lastly, before recommending the Seven to extend more credits to Russia the Paris and London Clubs should receive an intelligible answer to the question whether we are going to pay our debts.

A ray of hope on the debt problem seemed to appear at the Munich summit when, unexpectedly for all, Boris Yeltsin promised to pay the debts in kind – natural resources, real estate, shares of enterprises. True, he made a reservation that everything would be done within the limits of Russian legislation. In world practice this way of payment is called the debt conversion, and is used by some countries. But in the context of Russia, when it is not clear on what terms foreign investors will participate in privatization, it is yet too early to speak about such an intricate operation.

The message is clear: as long as we pretend to be carrying out reforms and try to convince others of that, the West will pretend to be helping us, and also try to convince others that it is doing so.

Nina Plekina

Drawing by Victor Bogorad

DOSSIER

RULING
OF THE OVERNMENT OF THE RUSSIAN FEDERATION AS OF JUNE 1, 1992, No. 369, MOSCOW, ON ATTRACTION OF FOREIGN CREDITS INTO THE OIL INDUSTRY

1. The Ministry of Fuel and Energy of the Russian Federation, the Ministry of Finance of the Russian Federation and the Ministry of External Economic Ties of the Russian Federation shall accord priority to the Ministry of Fuel and Energy of the Russian Federation in the use of existing credit lines and in the conduct of negotiations for up to $2bn in new credits for a term of 3–5 years for oil- and gas-producing enterprises, the said credits to be used for the import in 1992 and early 1993 of material and technical resources for oil- and gas-producing enterprises, to be repaid through the export of oil under targeted quotas in 1992–1997. The above-named ministries shall give appropriate instructions to the authorized bank.

It is hereby recommended that the Central Bank of the Russian Federation and the Bank for Foreign Trade of the Russian Federation should provide guarantees proceeding from the length of time necessary for the above projects to repay foreign exchange investments.

2. The Ministry of Fuel and Energy of the Russian Federation, the Ministry of Economics of the Russian Federation and the Ministry for External Economic Ties of the Russian Federation shall:

– provide for the establishment in 1992–1997 of targeted quotas and the granting of licences for the export of sufficient amounts of oil to reply the above-named credits and discharge the obligations of the Bank for Foreign Trade of the Russian Federation related to the said guarantees;

– establish long-term oil export quotas for a period of at least three years in order to enable oil-producing associations to plan for the attraction of foreign credits for specific projects and under foreign exchange plans.

3. Approval is hereby granted to the proposals of the Ministry of Fuel and Energy of the Russian Federation, the Ministry of Economics of the Russian Federation and the Ministry of Finance of the Russian Federation with respect to exempting the export for foreign exchange of 3.5 m tons of oil in July and August of 1992 from taxes, duties and the requirement to sell a portion of foreign exchange revenues to the state.

That portion of foreign exchange revenues which would otherwise have been sold to the state shall be deposited into the account of the Ministry of Fuel and Energy of the Russian Federation in the International Moscow Bank and shall be used to purchase the material and technical resources necessary to restore output in 1992 and the first quarter of 1993 at 3,500 idle oil wells in the oil and gas fields of the Russian Federation.

The Ministry of Fuel and Energy of the Russian Federation shall provide for repayment of the above-named foreign exchange funds in the third and fourth quarters of 1992.

4. The Ministry of Fuel and Energy of the Russian Federation shall, jointly with the Central Bank of the Russian Federation and the Ministry of Finance of the Russian Federation, draw up and implement, within two months, a system of credits for oil exports to the rest of the Commonwealth and foreign countries.

Boris YELTSIN

RULING
OF THE GOVERNMENT OF THE RUSSIAN FEDERATION AS OF JUNE 1, 1992, No. 368, MOSCOW, ON ATTRACTION OF CREDITS FROM FOREIGN BANKS INTO THE GAS INDUSTRY

With the object of stabilizing the operation of the gas industry, stepping up the development of new gas fields, accelerating the extension and reconstruction of cross-country gas pipelines, and enhancing the export capability of the Russian Federation:

1. Approval shall be granted to the proposal by the Ministry of Fuel and Energy of the Russian Federation that the concern Gazprom should import equipment, material and technical resources for the Russian gas industry's interprises by means of raising up to $8.7 bn in tied credits from foreign banks in 1992–1998 through Vneshekonombank and other authorized banks in the Russian Federation.

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The above-named equipment, material and technical resources shall be used for:

– development of new fields in the Yamal Peninsula and the Nadym-Pur-Tazovsky area ($2.1 bn worth of resources);

– construction of a gas pipeline making it possible to export the gas produced in the Yamal Peninsula ($4.1 bn worth of resources);

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– construction of a gas pipeline across the territories of Poland and Germany to export Russian gas ($1.5 bn worth of resources);

– reconstruction and upgrading of the Unified Gas Supply System ($1.0 bn worth of resources).

2. The concern Gazprom shall repay the principal of and interest on the above-named tied credits out of foreign exchange revenues from gas exports. In doing so, the concern shall not be exempted from the requirement to sell a portion of foreign exchange revenues to the state in accordance with presidential decree No. 335 as of December 30, 1991, "On Provisions to the Republican Currency Fund of the Russian Federation in 1992."

In is hereby recommended that the Central Bank of the Russian Federation authorize the concern Gazprom to open special accounts in foreign banks for the accumulation of the aforementiond portion of revenues from gas exports necessary for repaying the principal sum of the debt, paying interest thereon, and making advance payments for purchases under the specified credits.

Boris YELTSIN

RULING
OF THE GOVERNMENT OF THE RUSSIAN FEDERATION ON THE SALE OF EXPORT QUOTAS ESTABLISHED TO MEET THE NEEDS OF THE STATE

With the object of enchancing the effectiveness of state regulation of exports, making it possible to predict the amount of foreign exchange revenues, enabling the Russian Federation to discharge its obligations arising from intergovernmental agreements on trade and economic cooperation, and consistently moving toward a market system of assignment of export quotas sold in accordance with procedures defined in the government's ruling No. 90 as of December 31, 1991, the government of the Russian Federation hereby amends and supplements the said ruling by the following provisions:

1. The Ministry for External Economic Ties of the Russian Federation shall have the right to sell the export quotas unused by producer enterprises, should the latter fail to conclude contracts for the export of products necessary to meet the needs of the state, or should they fail to export these products, with the said export quotas to be sold on a quarterly basis through tenders or auctions.

2. The Ministry for External Economic Ties of the Russian Federation shall lay down rules for the holding of the auctions and tenders to ensure openness and equal opportunities for all Russian economic entities, irrespective of ownership arrangements.

This procedure shall apply to all quotas established by the Ministry for External Economic Ties of the Russian Federation, in addition to regional quotas and producer quotas, after the adoption of the present ruling.

3. The Ministry for External Economic Ties of the Russian Federation shall inform the Ministry of Economics of the Russian Federation, the Ministry of Trade and Material Resources of the Russian Federation, the Ministry of Fuel and Energy of the Russian Federation, and other interested ministries and agencies about the results of the auctions and tenders on a monthly basis, with the object of making timely adjustements in the distribution of export quotas established to meet the needs of the state.

4. The present ruling shall become effective on the date of its publication.

President of the Russian Federation
Boris YELTSIN
June 14, 1992

DECREE
OF THE GOVERNMENT OF THE RUSSIAN FEDERATION ON THE PROGRESS AND DEVELOPMENT OF AGRARIAN REFORM IN THE RUSSIAN FEDERATION, No. 138 OF MARCH 6, 1992, MOSCOW

The government of the Russian Federation takes note that in most regions of Russia an active agrarian reform is under way. In agriculture, commissions for privatization of land and re-organization of kolkhozes (collective farms) and sovkhozes (state farms) have been formed.

However, in a number of areas this work has been organized inefficiently, while measures being undertaken are of a formal character.

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With the view of creating necessary economic organizational conditions for the realization of agrarian reform, the Russian Federation government hereby decrees:

1. Before March 20, 1992, the Ministry of Agriculture of the Russian Federation and the Ministry of Finance of the Russian Federation shall work out a program for the state

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support of agricultural commodity producers providing, first of all, for the stimulation of output of grain, sugar, vegetable oil, milk and other food products, and shall submit the same to the Russian Federation government for approval.

2. Not later than March 20, 1992, the Ministry of Agriculture of the Russian Federation and the Ministry of Economics of the Russian Federation shall elaborate draft agreements (contracts) between the unions of agricultural commodity producers and the government of the Russian Federation, and shall submit these for consideration.

3. Before March 20, 1992, the Ministry of Finance of the Russian Federation, with the participation of the Central Bank of the Russian Federation, the Ministry of Agriculture of the Russian Federation and Rosselkhozbank shall determine the procedure for granting soft loans to agricultural commodity producers during the second and third quarters of 1992 at an annual interest rate of 8–10 percent, as well as the sources of compensation for the difference in interest payments.

4. To introduce in 1992 a deposit form of state purchases of agricultural produce. Before March 20, 1992, the Ministry of Agriculture of the Russian Federation, the Ministry of Trade and Material Resources of the Russian Federation, the Ministry of Economics of the Russian Federation and the Ministry of Finance of the Russian Federation shall submit Regulations on deposit forms of state purchases of agricultural produce to the Russian Federation government.

5. In the first six months of 1992, the Ministry of Finance of the Russian Federation shall repay its debt due to the agricultural commodity producers for 1991 that results from compensation for price differences between the agricultural produce and industrial products and an indemnity for expenditures on the construction of social projects and losses incurred due to natural calamities.

6. In addition to the Russian Federation government Decree No.86 "On the Procedure for Reorganization of Kolkhozes and Sovkhozes" approved on December 29, 1991, to establish that, should the meetings of work collectives of agricultural enterprises adopt resolutions on preservation of former methods of economic management, then the re-registration of kolkhozes and sovkhozes shall be carried out with placing the land at their disposal in conformity with the applicable legislation. In such a case as the latter, any member of the kolkhoz (worker of sovkhoz), co-operative, company, joint-stock company, association or other enterprise shall have the unconditional right to withdraw from the above with his/her plot of land and share of property for setting up a peasant farm and without the need for approval for this from a work collective or management of an enterprise (organization).

First Vice-Chairman of the Government
of the Russian Federation
Gennady BURBULIS

DECREE
OF THE PRESIDENT OF THE RUSSIAN FEDERATION ON FURTHER MEASURES TO RESTRICT CASH CIRCULATION

Until the circulation of money is brought back to normal and cash shortages have been eliminated, I hereby order that:

1. All enterprises, organizations and institutions (including trade organizations), irrespective of their organization and legal status, shall:

– keep their money holdings in branches of banks;

– settle their obligations to other enterprises by means of bank transfers of funds;

– have the right to hold cash balances within limits set by bank branches in consultation with the administration of the enterprises;

– deposit in banks any cash balances in excess of the limits, according to procedures and within time-periods approved by bank branches;

– have the right to hold cash balances in excess of the limits only for the purposes of paying wages and salaries, social security allowances, grants and pensions, and only for the period of three working days, including the day of receipt of the cash in a bank branch.

2. All enterprises, organizations and institutions (including trade organizations), which have permanent cash revenues and use them to pay wages and salaries and for other purposes (payment of pensions, purchases of farm products, purchases of goods from the population), shall not have the right to hold cash balances in their cashier's offices until payment dates.

3. The Ministry of Justice of the Russian Federation, jointly with the Ministry of Finance of the Russian Federation and the State Tax Service of the Russian Federation, shall draw up and present to the Supreme Soviet of the Russian Federation its proposals with respect to the responsibility of senior executives and chief accountants of enterprises, organizations and institutions for actions contravening clauses 1 and 2 of the Present Decree.

4. The Department of Air Transport of the Ministry of Transport of the Russian Federation shall have the right to accept payments in the form of bank transfers for carrying the servicemen and cargoes of the Defence Ministry of the Russian Federation, the Interior Ministry of the Russian Federation and the Security Ministry of the Russian Federation on the basis of transportation orders compiled in accordance with established forms.

President of the Russian Federation
Boris YELTSIN
Moscow, Kremlin
June 14, 1992

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DECREE
OF THE RUSSIAN FEDERATION PRESIDENT ON MEASURES TO CREATE AN EXPORT CONTROL SYSTEM IN THE RUSSIAN FEDERATION

To protect state interests of the Russian Federation in foreign economic activities and defense conversion to civilian production, and to ensure the observance of international agreements concerning the non-proliferation of means of mass annihilation and other dangerous weapons, I hereby rule:

1. The Russian Federation shall set up a system for export control, including state administration bodies, its operation aimed at preventing damage to the state interests of the Russian Federation from the export (transfer, exchange) to foreign countries of certain kinds of raw and other materials, equipment, technologies, scientific and technological information and services that are used or may be used to develop armaments and military equipment, as well as materials, equipment, technologies and services of dual use that can be utilized to develop missiles or nuclear, chemical and other weapons of mass destruction.

2. To work out a consistent policy in the said field, as well as coordinate and provide guidelines for export control, the Russian Federation government shall form a Russian Federation Export Control Commission (Russian Export Control).

The commission shall be composed of deputy ministers of the Russian Federation Foreign Ministry, the Russian Federation Economics Ministry, the Russian Federation Defence Ministry, the Russian Federation Science, Higher Education and Technological Policy Ministry, The Russian Federation Industry Ministry, the Russian Federation Foreign Economic Ties Ministry, the Russian Federation State Customs Committee, the Russian Federation Security Ministry and the Russian President Committee for Protection of Russian Federation Economic Interests, the Russian Federation President State Committee for Monitoring Nuclear and Radiation Security, and the Russian Academy of Sciences.

The Russian Federation Economic Ministry Department of Export Control of the Defence Complex and Conversion shall be charged with the functions of a working body for issues relating to the operation of the Russian Federation Export Control Commission.

3. Deputy Chairman of the Russian Federation government Yegor Gaidar shall be appointed chairman of the Russian Federation Export Control Commission and shall be charged with presenting, within a month's time, duly agreed-upon draft provisions on a Russian Federation Export Control Commission and its membership, subject to approval and consent of the Russian Federation government.

4. The Russian Federation Export Control Commission shall be charged with:

working out, in the second quarter of 1992, a list, subject to approval by the Russian Federation government, of raw and other materials, equipment, technologies, and scientific and technological information that are used or can be used to build armaments and military equipment, for the years 1992–1993, the export of which is liable to control and licensing;

working out, in the third quarter of 1992, lists, subject to approval by the Russian Federation government, of materials, equipment and technologies of dual purpose that can be used to build missiles or nuclear, chemical and other weapons of mass destruction, the export of which is controlled for the purpose of observance of the Russian Federation's international agreements on the non-proliferation of mass destruction armaments.

These lists, as approved by the Russian Federation government and endorsed by the Russian Federation president, shall be binding on all juridical and physical persons on the territory of the Russian Federation.

The lists may be altered or amended by the Russian Federation government, subject to subsequent endorsement by the Russian Federation president.

5. The Russian Federation Foreign Ministry, together with the Russian Federation Export Control Commission, shall be charged with negotiating the governments of the member countries of the Commonwealth of Independent States to coordinate, on a multilateral basis, control operations to ensure the non-proliferation of mass destruction weapons, and with participation in the work of international organizations to prepare internationally coordinated control lists of dual-use materials, equipment and technologies.

6. The Russian Federation Justice Ministry, together with the Russian Federation Export Control Commission, shall be charged with preparing, within a two-months' time, proposals on establishing administrative and criminal responsibility for the illegal export of raw and other materials, equipment, technologies, scientific and technological information and services included in the lists.

7. The decree shall take effect at the time of its signing.

Russian Federation President
Boris YELTSIN
Moscow, Kremlin
April 11, 1992
No. 388

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Bayonets to the right, bayonets to the left

Russia's government has prepared the draft Programme for the Further Development of Economic Reforms and forwarded it to the parliament for consideration and approval

It is expected that the work on the draft programme will continue throughout the summer. Immense effort has gone into the preparation of the programme: seven centres and institutes and a number of ministries and committees of the Russian Federation worked on it. The Moscow office of the International Bank for Reconstruction and Development represented Western experts. As concerns the IMF, no consultations with it had been provided for. The authors of the programme expect it to be given a hostile reception by both the right and the left.

Three stages of transition to the market economy have been planned. The first stage called "critical development" embraces the years 1992-1993. One of the major objectives at this stage is a considerable curtailment of state expenditures and their more effective use. The volume of state grants and subsidies will be sharply reduced. The rest of the subsidies will be issued directly to enterprises and institutions and not in the form of price subsidies.

The state will regulate prices and tariffs only in the sphere of housing, municipal services and in some branches of transport. Prices for energy carriers will be unleashed in 1993. The implementation of priorities in structural policy – fuel and power industry, conversion of the defence industry, housing, communications – will not be based on massive investments by the state nor on a centralized redistribution of material resources. Foreign credits and direct investments, as well as private Russian investments, will be an important factor in activating structural policy. To support private investments, the share of profits used as further investment will be taxed at a reduced (50 percent) rate.

A steadily growing part of the state expenditures targeted for social purposes will gradually be transfered from the state budget to non-state pension, insurance and other funds.

In the sphere of monetary policy, the task is to cope with the cash and non-payment crisis and to reduce the monthly growth of money in circulation to 2 or 3 percent in 1993. This will help reduce the monthly inflation rate to 3 percent by the second half of 1993. In order to ensure the transition to a unitary ruble exchange rate the state's buying of foreign currency at an overstated rate and the latent subsidizing of centralized import will be terminated in 1992. After the 3 percent monthly inflation rate is reached, a fixed ruble exchange rate will be introduced.

There will be many innovations in taxation. A tangible alleviation of the tax burden can hardly be expected. The introduction in 1993 of a royalty-type tax on the exploitation of oil, gas and coal deposits to be paid into the federal budget will allow the lowering of the value added tax to 22 or 25 percent. The export of energy carriers and a number of other raw-materials will be subject to the export tax. It is expected that the income tax on enterprises will be cancelled, the tax on profit preserved and the list of privileges revised.

A massive privatization of large and medium-size enterprises will occur in 1993. The plan is to sell up to 30 percent of the production assets of state-run enterprises by the end of the first stage. Alongside this, state-run enterprises which are not subject to privatization for the time being (or at all) will be reformed. The essence of this reform is to differentiate the rights and duties of these enterprises from those of the state managerial bodies.

As concerns the agrarian sector, the government will insist on cancelling limitations imposed on trade in land. Major investments must be directed to the storage and processing of agricultural products. Development of the agricultural market's infrastructure and the restoration of countryside trade are of primary importance.

It is expected that the country will have a stable convertible national currency, relatively stable free prices and a considerable private sector after the completion of the first stage of reforms.

The time limits and the content of the second and third stages will depend on the outcome of the first.

Boris Pinsker:

"A freshly-frozen reform..."

An independent economist, Boris Pinsker has always been regarded as an extremist in economics and a critic by vocation. He has insisted for years that the total and all-around unfreezing of prices is the only thing which can help the former "national economy." He has always upheld a radical and sped-up privatization. Now he spends most of his time abroad, nevertheless, having cropped up in Moscow, he agreed to comment on the government's new programme.

New Times. How do you evaluate the programme as a whole?

Boris Pinsker. I would call it a day-dreamer's programme, a theory expounded on paper yet not put to practice.

The present situation in the economy is ample evidence of this.

The government has failed even to approach the goal in the sphere of credit and monetary policy. It manages to restrain inflation only by failing to pay salaries, stipends and grants. For instance, in the first six months of this year the amount of cash money emission was 190 billion rubles. However, the government's debts which had accrued because of non-payment ran into 150 billion rubles, i.e., almost the size of the emission. Whereas this emission afforded us a 25% monthly inflation and a ninefold growth of prices in one year, if we take into account the unpaid amount of money, we can assume that the rate of inflation was 35-40 percent and that by the end of the year prices will grow about 20 times.

An unrealistic task has been set in the sphere of taxation. The government has never collected and it will never collect the required sum in taxes. According to my own calculations, the budget deficit will amount to about 40 percent instead of the expected 4.

Reforms could have worked under the conditions of a private economy. In that case, the introduction of limited credit and cash money emission would have resulted in bankruptcy of a few dozen enterprises as early as by the end of January. Seeing this sad example, all others would have realized that the government was resolved to fulfil its promises, which would have resulted in some kind of reasonable discipline – under these conditions no leader of a workers' movement would have demanded a forty-thousand-ruble salary. The very fact that no enterprise has gone bankrupt during the seven months of reforms testifies to there having been no reforms at all.

N.T. What do you think about the scheme of privatization as expounded in the draft programme?

B.P. First, it is planned to privatize 80 percent of trade only by the end of 1993, and 40 percent of production capacities, only by 1995. How is the country going to live these one and a half or three years? Second, how can one talk about the completion of the liberalization of prices, if this is planned to be carried out a year and a half before the massive privatization is completed?

N.T. Foreign credits and direct investments are mentioned in the draft programme as one of the factors for breathing life into the economy...

Alexei Mikhailov:

"The myth of financial stabilization will live on..."

Alexei Mikhailov is the leading researcher in the EPI-centre headed by Grigory Yavlinsky. He took part in the elaboration of the 500 Days programme and of all other projects and recommendations worked out by Yavlinsky's group.

New Times. Your opinion of the programme?

Alexei Mikhailov. Beginning with the first governmental programme, the Memorandum on Economic Policy, the government has persisted in the achievement of the objectives once formulated, i.e., financial stabilization and gradual liberalization. These priorities are regarded as beyond question and are not discussed. In my opinion, this is the gravest delusion. The carrying out of the liberalization of the economy in the framework of the old institutional structures, and of financial stabilization in conditions of a far from completely liberalized economy is a wrong move. An association comes to my mind: an extremely obstinate person presses the electric switch with all his strength, being absolutely sure that the electric forces (i.e., the market forces) will light the bulb. It doesn't dawn on him to check if there is a bulb in the socket.

N.T. And what, in your opinion, are the priority measures?

A.M. There must be system changes, structural and institutional, in the economy. Since these changes are to be carried out in several years, not stabilization (attainment of a zero inflation rate) should have been made the objective in the sphere of finances, but controllability and prognostication of inflation, albeit rampant. Finances should satisfy only one requirement – they must not impede long-term and stable changes.

N.T. What does it mean to an individual entrepreneur?

A.M. Planning his activities is of extreme importance to an entrepreneur. The government believes that this is possible only in the situation of zero inflation rate, when an entrepreneur knows that prices will not rise. In fact, this is possible in a different system of coordinates too. It is enough for an entrepreneur to know the stable rate of price growth for the future in order to take it into account in his contracts and investments.

N.T. Doesn't the proposed tax system seem too harsh to you?

A.M. The present unrealistic objective of curbing the inflation rate to 3 percent a month has led to overblown tax rates. Under such conditions, taxes restrain the development of production and are one

B.P. It's authors expect that during three and a half years investments will reach 1.3, and in favourable conditions, 3.5 billion dollars. This is practically nothing, which means that the government is not going to open up the economy and lose control over it. The government intends to replace state property, run by ministries and the State Planning Committee, with quasi-private property run by state holdings, trust companies and, in the final analysis, by the Ministry of the Economy.

Outlining projects for the future, the government intends to create a stratum of institutional investors: pension and investment funds, insurance companies. The government wants to support and develop precisely such economic units. This situation will involve no more private interest and private property than the present state-run enterprises do. The activity of quasi-commercial banks in which state employees control the capital of state-run enterprises, pretending to be a private commercial bank, gives you an idea about the prospects for the development of private investment funds. Never and nowhere have bankers taken bribes for granting preferential credits, but in this country!

N.T. Is the programme really devoid of any rational elements?

B.P. It has precisely as many rational and healthy elements as any freshly-frozen dead body, which still has all the organs in it and all of them are good, yet they are not viable as a whole. The plan produced by the authors of the programme resembles those regularly devised before every Party Congress: we will have this much of this in that year, and that much the following year...

And what's a man to do, while the government is shifting towards the market?

of the factors in the growth of prices.

Of course, it's necessary to reduce tax rates, but only if priorities of the programme change. If they are reduced now and the concept of the programme remains unchanged, we will find ourselves in a situation of uncontrolled hyperinflation and a rapid growth of the budget deficit.

N.T. Do you support the method of privatization proposed by the government?

A.M. I am rather sceptical about the idea of a free distribution of property which gives profit, and still more so of distributing property which, as in our case, brings none. It's a purely populist step which can entail an acute distortion in the system of property. If property brings profit, it should be sold, let it be at a reduced price, but sold. Why should one exchange vouchers for bonds if they bring him no dividends? This is simply a waste of paper.

N.T. Is an inflow of foreign investments and credits, as expected by the programme, possible now?

A.M. In the present situation there are no credits and there can't be any. We are not understood or trusted in the world, because we incessantly set ourselves unrealistic tasks, fail them successfully while boasting that we are approaching the goal.

N.T. What, in your opinion, are positive sides of the programme?

N.T. If the draft programme is approved, what, do you think, is in store for us?

B.P. We will have an annual inflation rate of 1,000 to 10,000 percent. We will have unprecedented social differentiation and political polarization, mass disorders and strikes, repressions against the workers' movement, restrictions of freedom of trade and the press, and exemplary trials of managers. We will find ourselves in a Latin American situation.

N.T. You've painted a very gloomy picture. Can you suggest an alternative solution?

B.P. Only an immediate hundred-percent privatization of trade and industry will create organizational prerequisites for the implementation of reforms. A privatization voucher is the only realistic means to carry out privatization.

A major administrative reform is necessary, because it's foolish and unsafe to wait till the vanguard of Soviet industry collapses by itself. Super-large enterprises which yield the greater part of the country's industrial output must be divided into a number of medium-size enterprises. This will make their management more flexible.

Open the state borders and let Western competitors in.

A.M. There are some tactically correct decisions, for instance, those concerning the problem of non-payment between enterprises whose mutual debts have reached over 2 trillion rubles. It was suggested to write off the debts accrued by July 1 from the balance sheets of enterprises and let a special body deal with them. However, these proposals are carried out only partially; they are disregarded when they mar the facade of reforms – increase the budget deficit or the size of credits issued by the Central Bank of Russia.

N.T. What will the course of events be if the programme is approved?

A.M. The myth of financial stabilization will live on and the production slump will continue. Mass unemployment is not ruled out, and the avoidance of eventual uncontrolled hyperinflation is highly dubious. We have lost a lot of precious time, having thus made the social price of reforms still higher.

Natalia Shchelkova

Drawing from the newspaper International Herald Tribune (USA)

People to People

The well-known People to People program was launched in 1956 at the suggestion of President Eisenhower. The program's coordinator in Russia is the joint venture Armecor International. Recently the program arranged a trip of a delegion of American farmers from the state of Michigan to Russia.

The farmers brought along 840,000 aspirin pills. The aspirin is to be divided between Moscow and St.Petersburg medical institutions, including children's clinics. The pills are a gift from two American corporations – Dow Chemical and Perrigo.

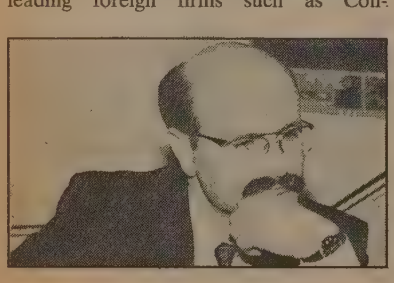
During their brief stay in Moscow, the farmers had several meetings with their Russian colleagues. They exchanged views on farming methods with Russia's Assistant Minister for Agriculture Yefremov and President of the Russian Agricultural Academy Gennady Romanenko, and paid a visit to Interfarms. A number of protocols of intent were signed during the visit between Michigan's and Russian farming companies.

First show, then sell

This is the motto of the German firm Novea International, which has recently opened its office in Moscow. Novea International is one of Germany's largest ventures specializing in organizing and holding exhibitions both at home and abroad.

In January, Doctor Evald Evering was appointed head of the firm's office in Moscow. He had previously visited Russia in the capacity of director of various specialized expositions of German firms.

"Exhibitions are an instrument of marketing," says Mr. Evering. "You have to show your products to potential customers before you can hope to sell anything. Exhibitions make it possible to estimate the competitiveness of new products, and conclude mutually advantageous contracts. This year, the firm has already organized dozens of exhibitions with the participation of leading foreign firms such as Consumexpo-92, Metallurgy-92, Neftegaz-92, and Aluminium-92, among others.



"We also hold seminars in which foreign and Russian specialists participate. This enables them to find a partner for joint activities."

Up to world standards

Experts say that the products of the Perm-based research and production amalgamation Aviadvigatel meet international standards.

The enterprise's 90A engine was awarded a certificate affirming compliance with international standards during the international exposition Aviadvigatel-92 (Aircraft Engine-92) in Moscow.

According to Aviadvigatel's director general Yury Reshetnikov, his enterprise manufactures engines for 26 models of aircraft and helicopters. At the present time, it is looking into the possibility of developing a new engine jointly with the French firm SNEGMA and the US corporation General Electric.

Interest in Aviadvigatel's products has also been shown by the Chinese Aircraft Engine Company.

How to avoid polluting environment

The technologies used to produce aluminium by the largest Russian smelteries have been obsolete for the last 30 years. This was the conclusion reached by the president of Norway's Academy of Technology and one of the world's leading authorities on aluminium electrolysis, Mr Harold Oye, after visits to the Krasnoyarsk and Sayany aluminium works. Although the quality of aluminium produced in Siberia meets international standards, the outdated technologies are having a markedly negative effect on the environment around the plants, Mr Oye stressed.

The smeltery in Krasnoyarsk has been trying to find a way out of the ecological dead end with the help of US specialists. As a result of their joint efforts, two of the plant's 24 electrolysis shops will soon be adopting new technologies.

Rank-Xerox in the CIS

The fifth office of Rank-Xerox in the Commonwealth recently opened in St. Petersburg. This office will operate in northwestern Russia. The office equipment produced by the company will be sold and serviced in St. Petersburg by three authorized dealers – Lenpolygraphservice, Skif and Commark.

The company plans to expand its dealer network to all parts of the Commonwealth. Rank-Xerox now has 80 dealers in the CIS countries, and intends to double that number by the end of the year. The company also has plans to open centers that would ensure the prompt servicing of its equipment while under warranty. With this goal in mind, courses to train technical and marketing specialists about each and every item of the firm's copying equipment have been organized at the Moscow Polygraphic Institute.

Business is fun

The new joint-stock company Rus Service Business has been founded by some of the country's largest exchanges (such as the Russian Commodity and Raw Materials Exchange, Nakhodka), a number of large public and private companies, and even Vyacheslav Zaitsev's fashion house.

Although the company has been established quite recently, it has already conceived its brainchild, baptized the Business-Club. Since the company was created with a view to provide both Russian and foreign businessmen who come to Moscow with everything they might need, the logical step was to organize a professional club for them.

The Business Club has been created by the firm Nakhodka, an exchange bearing the same name as the joint-stock company Paramida. It is expected to be based in the restaurant Olympic in Luzhniki.

This does not mean, however, that the club will confine itself to a single restaurant. Olga Kolesova, manager of the Business Club, stated that parties will also be held in restaurants such as Krutoi Yar and Fidam.

Members' contributions will include 15,000 rubles in annual membership fees and 22,000 rubles as prepayment for the club's services, which are expected to meet very high standards.

The club plans to offer all manner of entertainment for its members, including variety and strip-tease shows, whose participants have been trained in Nakhodka's schools. Girls from these performances will be available as dance partners between shows. An average supper in the club will cost 2,000 rubles – not an exorbitant figure, given the present rate of inflation.

The Business Club is not planning to confine itself to entertainment only. Its members will be able to receive consultations, establish business contacts, and make use of any services provided by Rus Service Business.

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Lend-lease drinking

Allied seamen's adventures in Murmansk

Georges Blond

As seen from the ships of Convoy PQ-16, approaching Murmansk, the city looked deserted, unreal even. That was the word that the British naval officer whom I had long questioned about Murmansk was the first to utter. "We felt like having found ourselves in another world, an unreal one," he said.

The town's quays were indescribably dirty, littered with garbage, charred carcasses of trucks, refuse.

Finally, we started unloading ammunition. Russian workers – civilians, soldiers, quite a few women – picked up crates from the moorage and dragged them to the railway goods vans a short distance away. Seamen found out that the soldiers were on wound leaves, and the civilians were political prisoners. The women looked – and worked – like men; they were young and strong, with powerful, columnar legs.

There was no one on the ugly pier beside that silent gang.

Suddenly work came to a standstill. The workers sat down on crates or heaps of garbage and dug into pieces of rye-bread and other food indistinguishable from afar. Others (men and women alike) squatted to relieve nature right "in the open"...

The seamen looked up with anxiety, apprehensive of rents in the clouds which could be taken advantage of by Nazi planes. They were in a hurry to leave the pier and wondered why the ships' cargo booms and winches were not used. They were always ready to give Russian dockers a hand, but that was strictly forbidden. Murmansk authorities objected to the allies' equipment and crews being used in unloading.

Finally, the last crate was lowered from board. The ship pushed off the pier smoothly to cross over to the opposite shore so as to unload equipment and weapons there. It manoeuvred carefully, obedient to a Russian pilot's commands, and reached the middle of the bay. Suddenly, there came a dull thud of a monstrous explosion – the ship struck a magnetic mine, which stopped and titled it over to port side.

Several minutes passed. The crew climbed on deck. The smooth surface of the bay remained empty; no one stirred on shore. From the quay, the Russians looked on apathetically as the British ship was sinking. It looked as if it was going to perish all on its own. Finally, a patrol gunboat arrived on the scene, steaming full speed ahead. Men in fur hats and army helmets shouted something in Russian to the pilot who bent over low from the deck. The latter answered rapidly. The animated conversation went on and on; in the meantime, the situation was steadily getting worse. The ship was slowly sinking by the stern. Its skipper grabbed a speaking trumpet and called for help, in English.

After a while, a tugboat pushed off shore. It approached the bow and fixed the towrope. The ship did not move an inch: another tug was needed. The skipper shouted himself hoarse. The ship's seamen lowered a boat to take out the wounded and two dead. Their faces were distorted with anger and despair. It obviously made no sense delivering cargoes at such a price – it was stupid to go under in full view of Murmansk.

No sooner had the boat touched water, than air raid alarm sirens started wailing. Destroyers and shore batteries opened fire. Five enemy planes pierced the clouds, diving on the railway station. A series of bomb explosions came. Two minutes later, gunfire stopped – a Russian fighter plane was up. By that time, however, the enemy planes were gone.

The railway station was ablaze.

A second tug appeared. That didn't help the sinking ship much. The crew began to climb down into boats. The skipper and three officers stood stock-still on the bow, hanging over the stem. The water had already reached the deck on the port side. In a few minutes, the ship, with its load of trucks and tanks, was swallowed up by the sea. The Russians on the quay still looked on, without moving or saying a word.

Georges Blond, the French historian, writer and sailor, was made famous by a series of books about the discoveries made in, and the studies of the World Ocean under the general title of *La Grande Aventure des Oceans.* His book *A Convoy to the USSR,* an excerpt from which follows, came out in France in 1950. It has never been translated here.

Convoy PQ-16 struggling its way to Murmansk...

Who does not toast King George

Upon the allies' arrival in Murmansk, numerous receptions were held on board warships with British and Russian officers attending. Here is what a British detroyer officer told me about one of those receptions.

His mates and himself had been invited to a Soviet destroyer. The Russians liberally treated their guests to vodka. They toasted victories, the brave Russian people, Marshal Stalin... The Russians drank fearlessly, and the guests were also supposed to empty their glasses. At the end of the reception, a British officer proposed a toast to King George VI; it hadn't occurred to any of the Russians to do that. Soviet officers raised their glasses. One of them, however, threw his glass to the floor, spat, and uttered a

string of energetic but unintelligible expressions. The British officers made nothing of the incident, attributing it to vodka, and returned to their destroyer.

On the following day, the British saw Soviet soldiers marching along the quay. The captain of the destroyer ordered his men to man their stations and to stand by.

Having come up to the destroyer, the soldiers froze at attention, sending out a man wearing an ordinary shirt and trousers. The man turned to face the British ship and slowly pronounced several short Russian phrases, whereupon he was shot dead, to the British navymen's utter amazement.

They recognized the wretched victim – he was the Russian officer who had thrown down his glass and strongly disapproved of the King of Great Britain the night before!

...The Russians would readily open fire in the city. At time allied officers narrowly escaped bullets as military patrolmen started firing at the passers-by all of a sudden. Guards refused to check passes – they probably couldn't read them.

The allied ships which laid an anchor in Murmansk were not allowed to use their radios. All their information was subject to a thorough coordination with Soviet authorities. Seamen were forbidden to leave Murmansk even after their ships had been at anchor for months. It was only on one occasion that Admiral W. Standley, a representative of the US Ambassador to the USSR, secured a permission for a group of ship captains and senior officers to go to Moscow.

The British high command repeatedly suggested to the Soviet authorities that one or several RAF squadrons be stationed in Murmansk so as to intensify bomb attacks on German airfields in Norway. Each time, the Russians rejected the offer outright.

In spite of all the bans and obstacles, private relations were established between British sailors and the Russians out of dire necessity.

The Russians offered vodka in exchange for food and clothes. Such barters led to contacts of a different kind, but rarely so. If caught red-handed (sometimes even in the act of flirting), sailors were escorted back to their ships under pain of death. Some were kept in detention for hours and even days.

Mongol No.1 bursts into tears

Part of Convoy PQ-16 headed for Arkhangelsk.

Russian pilots were taken on board in the small port of Yokanga at the entrance to the White Sea. They looked like Mongols, could barely articulate a few English words, and struck us as inexperienced. Two of them got aboard every ship – one did the piloting and the other kept silent all the while.

Murmansk after bombing: "it was another world, an unreal one..."

As the ships were steaming up the Dvina, what we saw all around looked more like devastated parts of China than Russia. The shrubby banks were sparsely populated, with only occasional rickety log cabins coming into view; sometimes we caught a glimpse of emaciated elderly peasants clad in discoloured patchy robes, who were going about their work.

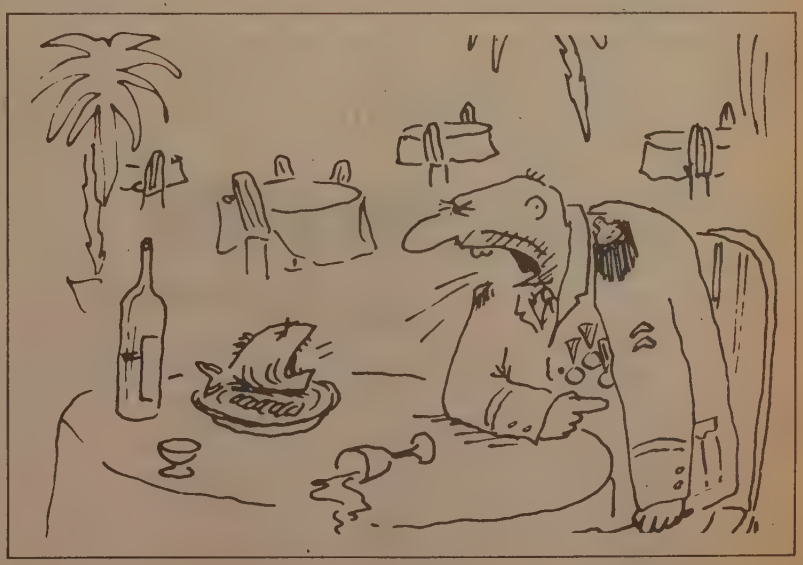
One of the ships ran aground. The Mongol pilot tried to set it afloat for almost two hours, but without success. Then, amazingly, he burst into tears. His mate remained absolutely indifferent to what was going on.

A sailor who had been to Arkhangelsk before explained to the captain that Mongol No.2 was not a pilot, that his mission was to keep an eye on his mate. That was a rule with the Russians. The observer was then to report on the pilot's behaviour towards foreigners. That was why Mongol No.1, now a doomed man, was shedding bitter tears.

The captain took over, and got his ship afloat, after all.

"Comrade, chocolate!"

Most ships were under orders to cast anchor at Brevennik, Arkhangelsk's suburban port, of sorts. It had neither shops, nor



Drawing by Victor Bogorad

cafés, just some shabby structures on shore, nor residents, for that matter, except a few haggard old men in rags.

Within half an hour of arrival, an extraordinary crowd got together on the wooden pier – barefoot boys mostly, wearing monstrous "pullover" sheepskins or torn army tunics with traces of combat decorations. The boys ran alongside the ships, stretching out their hands and crying: "Comrade, chocolate! Comrade, cigarettes!" They did not beg: their outstretched hands held wads of rubles, and their pockets were also bulging with money. Those boys become regular traders at the "black market" which spontaneously emerged in Brevennik.

The official exchange rate was then twenty rubles to a pound sterling. The kids indicated, in sign language, that they offered 50 rubles for a bar of chocolate and 40 rubles for a cigarette. The sailors had their doubts about the money at first, thinking it was counterfeit. But that was the actual "black market" rate of exchange in the White Sea region, and trade began.

The sailors threw cigarettes and bars of chocolate, and the boys caught them with amazing agility, profferring rubles in exchange, and making no attempt to run away in the commotion. One sailor threw a tin into the crowd. The boys took it for a hand grenade and scattered in panic.

None of the kids tasted the chocolate, or lit up a cigarette on the spot. They clutched their supplies to them, probably intending them for further exchanges. Did they work? If not, where did they get so much money from? The sailors never found out the answers. After the young speculators ran out of their rubles, they vanished as suddenly as they had appeared. The wharves were deserted again...

Stalin for five cigarettes

In a couple of days, the ships reached Arkhangelsk. From time to time, they came across old paddle-wheel steamers, empty or loaded with timber, rusty, faded and ghostlike. Their crews waved to the allied sailors and greeted them with siren blasts.

Arkhangelsk did not disappoint us, at a first glance. We saw large façades of modern buildings and a huge pagoda-like tower of the city Opera. But the closer the ships approached the city, the less attractive it looked. The quays and the streets were a horrible sight. Its residents were not as ragged as peasants, but also shabbily dressed. The sailors who went on shore noted at once that most of the people there were elderly.

The elderly passers-by looked over the sailors searchingly, never smiled or waved back at them, and hurried away, even if offered a cigarette...

There were two restaurants open to foreigners in Arkhangelsk – one at the Tourist hotel, and the other, at the International Club. The Tourist place turned out to be quite nice. There were vases with man-made flowers on the tables. A small band was softly playing Russian tunes like "Volga Boatmen" and some blues. The music was drowned, now and again, in the deafening roar of street loudspeakers who, as the head waiter explained, transmitted war communiqués.

We were served red caviar, steamed sturgeon, crabmeat, beef, eggs and butter. There was vodka galore, of course. Russian officers in female company were having a ball at a neighbouring table. It looked as if the couples felt rather ill at ease; they cast fleeting glances at foreigners and sometimes exchanged meaningless phrases with them. Thanks to the wonder-working vodka, however, the allies promptly relieved the tension.

The seamen on shore leave had their lunch at the International Club's restaurant (the Tourist was reserved for officers). The club had a dance floor with girls much like those in Murmansk. Therefore, few seamen got a kick out of dancing. So they set out in search of sourvenirs. Taking advantage of a salesgirl's liking for him, an officer acquired, in exchange for five cigarettes, a dozen of gramophone records which, she slipped to him "under the counter." He was in for a disappointment: when he put them on back in his cabin, they turned out to be Stalin's speeches.

Besides the "robot girls," the International Club featured movies. Many officers went to the Opera House. A comic opera was on that night, which was lost on them but very funny, of course, judging by the local audience's reaction.

The stay in Arkhangelsk was less tiresome than that in Murmansk. Besides everything else, there were no enemy bombing raids. Nevertheless, the convoy sailors suffered from melancholy and wistful nostalgia. After a while, they did not go ashore any longer and looked forward to getting under way...

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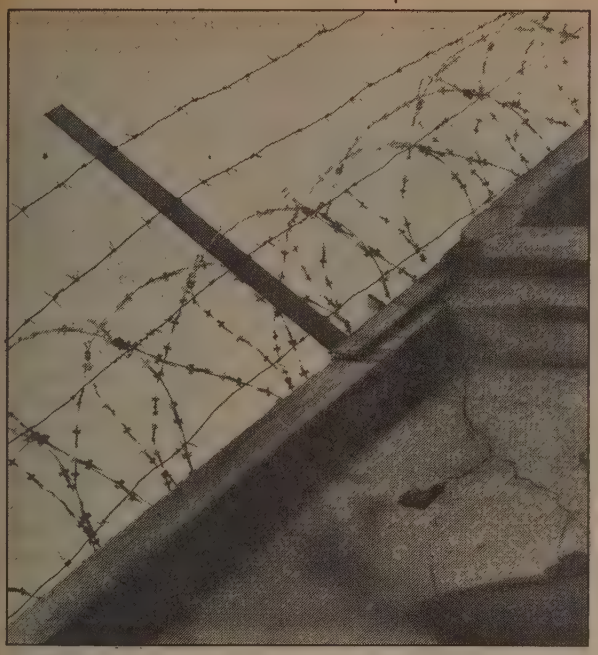


Mishaps of a young soldier

In 1981 I was called up and sent for military service with the Soviet troops stationed in East Germany. Unable to bear the army life, soldiers often deserted their units. They ran away in despair, as far as possible from their regiment. Usually, deserters were quickly caught." They were humiliated in the guard-room and presented for ridicule in front of the regiment. They had a dejected and repentive look. I firmly decided that if I ran away I would do it differently.

It should be said that in the case of desertion the command did not raise a clamour and no trial was held. It was different when a soldier deserted with arms. This happened rarely and was an extraordinary event. The command made a report to the general staff in Moscow right away, and a whole division was alerted — tanks, armoured carriers, helicopters and thousands of armed soldiers.

I shall not describe my desertion. Suffice it to say that civilian Germans made my whereabouts known to the command and obligingly provided a car for one of the patrols to search me out. It seems the Prussian spirit of respect for any authority still exists in contemporary Germans.

Owing to the activity of local residents I was doomed to death, but fate decreed that I remain alive. Usually, a patrol consists of two soldiers armed with automatic guns and an officer armed with a pistol. By a strange, almost mystic chance the soldiers had not been given cartridges for their guns, and only the officer was armed. One bullet went right through me, injuring my liver. By inexplicable chance a German ambulance was passing by, and I was taken to a local hospital. Thanks to German doctors I recovered in two weeks' time.

My commanders argued that I simply lost my head. They came to the hospital, trying to convince me that I was mentally sick. I think they were guided not only by their personal interests. Such a conclusion would also be good for me because in this case I would be placed in a mental home instead of prison. Why did I refuse to accept this version?

In any case, I was put in a psychiatric ward of the military hospital for examination. Its inmates proved jovial people. Most patients simulated mental illness to avoid military service or a trial. About a third were true psychiatric cases.

Mental patients often liked to pose as "secret agents" or "degraded generals." One soldier who, contrary to all regulations, was kept in the guard-room for over two months (and he was probably kept hungry there) always told inmates idiotic cooking recipes. The greatest nuisance was a soldier who was politically indoctrinated so much that he went mad over the cold war. He shouted for whole days that he would make mincemeat out of President Reagan. He liked to threaten Reagan with terrible punishments and even with sexually perverted tortures. I did not feign mental illness and was sentenced to a six-year imprisonment.

For minor offences soldiers and officers are put in the guard-house for up to 30 days, servicemen awaiting a trial or imprisonment are also kept there with them. The latter are under the supervision of prosecutors, and they are kept according to regulations. This does not apply to the former. In general, it is one of the Russian paradoxes: all rules are observed with regard to a killer, whereas a drunk can be beaten to death in a police office for one careless word.

What surprised me in the guard-house was the attitude of the soldiers kept for small offences. They were afraid of us. Only yesterday we were soldiers of one and the same regiment, and some of them could even feel superior to me. But in the guard-house they meekly washed the floor in our room and obeyed all our orders. We were already men from the other world, on the other side of the law, so to speak.

The chief of the garrison guard-house, a major in rank, was a pathological sadist who had one weakness nevertheless. He hated soldiers and officers kept for small offences but could shed crocodile tears over the fate of convicted servicemen and showed particular care for criminals. Thanks to his care we were fed well and given medical care.

Usually, the major came to the guard-house at night. On his orders the servicemen kept for small offences ran from one room to another, marched on the spot and stood in line. After that a caustic smell could be felt in the guard-house: water with chlorinated lime had been poured onto the floor of the rooms occupied by these servicemen. The major usually wound up his visit by coming by the rooms where criminals were held.

One of them, Lyova, a drug-addict convicted for stealing narcotics from the hospital, sang in a rock group before being drafted into the army. He had a mellow voice, and he often sang for us. In the adjacent rooms the inmates gasped for breath while plaintive tunes resounded through the guard-house. The major, touched by a song, would go away with tears in his eyes...

Konstantin Zarenba

Photos by Sergei Semyonov

An exhibition of **Sergei Popolzin's** pictures was recently held at the Moscow Artists' Club. A simple poster announcing the event carried only three lines: "An artist from Irkutsk. Lost his eyesight in 1990. The works were painted in 1991 and 1992."

Sergei, now 27, began to draw in his childhood. Oil-paints were his favourite means of communicating with the world. He entered the Irkutsk art college, in which he studied for seven years. Sergei was called up for military service, dropped and then resumed studies at the college, but never completed it. He worked as a fitter, loader, fireman, odd-job man and prison warden.

Then a tragedy occurred. Sergei lost his eyesight. The chance of restoring one eye gave him strength. But where to find the 80,000 dollars needed for an operation on the eye nerve?

Friends persuaded Sergei to continue painting. After he was discharged from hospital he took up his brush again. The artist was noticed. The patriotic association Youth of the Motherland responded to Sergei's needs. It arranged with the Moscow Artists' Club for a free renting of a hall in which the first charity exhibition-sale of Popolzin's works was organized.

A modest sum was raised. But the comments book was full of appreciation and emotions: "Marvellous. What colours! You help penetrate deep into the essence of things." The exhibition has moved to the House of Culture of the All-Russia Society of the Blind on Kuusinen street in Moscow.

Sergei usually paints at night when, as he says, "the outer world calms down and the inner world awakens." He hopes that one night there will be light in his studio.

* * *

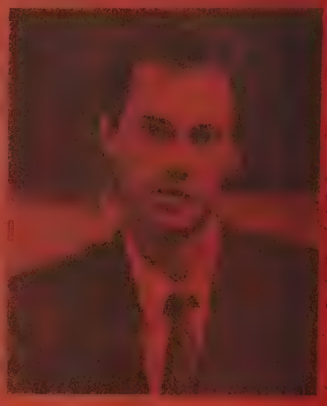
Though Estonia has not yet taken a final decision on double citizenship, two ministers of its government already have

it. The first "breach" was made for "Estonian Swede" Jaan Manitski, the present foreign minister of the republic. Another "breach" was made recently for **Arvo Nütenberg,** a Canadian of Estonian extraction. He has been appointed minister of the power industry.

The new minister was born in Tallinn in 1934. But during the second world war his parents emigrated. The family settled in Canada, where Arvo graduated from University of Toronto. A year after he received his diploma. Nütenberg began to work for the Ontario Hydro company, in which he made a career. During 30 years he wrote two theses and was awarded a master's degree in economics and technology, and became Ontario Hydro's vice-president in charge of electric power plants.

Arvo would have come to his former homeland earlier. But he could not leave his job in the international commission which examined the state of atomic power

One of MENATEP's team



Among financial institutions which have achieved notable success in our economic mess one deserves special mention. It is MENATEP. There are several reasons for its success, none of which involves using the Communist Party's money. In spite of widespread rumours the association is innocent of this. The reasons of its growth are simple and effective. MENATEP started out as a centre specializing in scientific and technological programmes. It was one of the first associations which began to carry out transactions in areas where state-owned enterprises did not operate. In this way the firm amassed five million rubles. This allowed it to found a commercial innovative bank called MENATEP. At present the bank has more than 16,000 shareholders.

Another very important factor in MENATEP's success is its board of directors. Mikhail Khodorkovsky, chairman of the board, is an energetic, imaginative and innovative person. He managed to build a staff of competent specialists and many gifted young employees. It should be noted that Khodorkovsky himself recently celebrated his 29th birthday.

One of the young leading specialists of MENATEP is **Alexander Androsov,** who holds the post of chief investment expert of the bank, which recently became an international association. His career is typical for many young businessmen in new Russia. By profession, he is an expert in the field of economic cybernetics. On graduating from the Plekhanov Institute of National Economy in Moscow he entered the postgraduate school of the Institute of Economics of the Russian Academy of Sciences. Alexander is now completing his thesis which examines the effectiveness of foreign investments in Russia. After several years of work for joint ventures he became the chief economist of the Russian-Swiss enterprise Diaplus. Last November Androsov joined MENATEP.

plants in Russia till May 1992. So Estonia's new "chief power engineer" is well familiar with the state of affairs in the neighbouring country.

The new minister has yet to study the situation in the republic's power industry. A great many problems have asccumulated there. Estonia has two shale-burning electric power plants, the largest in the world. They are highly inefficient because of their imperfect technology. In addition to that, the plants are situated near Narva, where most specialists are Russian-speaking. They cannot count on acquiring Estonian or double citizenship and often threaten with a walkout.

* * *

Alexander Solovyov is a phenomenal man. He can tell exact Moscow time without a clock or watch at any time of the day. The manwatch has lived in a Moscow boarding house for 15 years now.

Alexander was born in Vologda in 1928 and spent half of his life, 32 years, in psychoneurological institutions with the diagnosis "schizophrenia." He displayed his ability for the first time in 1959 in a prison camp, where he was serving his term for a robbery attempt. Being tipsy, he tried to snatch a bag from a passing woman at the Kursky railway station in Moscow. He was caught next to big clock which showed exatly 18.00 at that moment.

Since then Alexander began to determine time. Before that Solovyov had a wrist watch. But after he was freed from prison he did not have a watch and, it appears, he did not need it.

Some time in the past Alexander heard a signal which helped him to tell exact time. Later, the signal disappeared, but the ability remained. Solovyov is unable to explain his phenomenon.

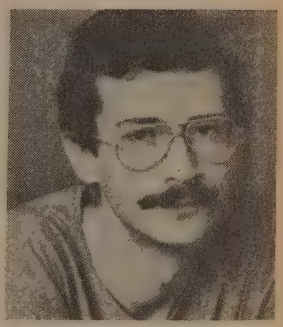
Alexander is a very considerate and kind old man. He speaks gravely and slowly, articulating every word. He believes in God and usually stays to himself.

When Alexander was younger he made no mistakes in determining time. But age tells. Solovyov the clock is sometimes several minutes "slow" but he is almost never "fast."

* * *

The Institute of Organized Market Research, one of the first private research establishments in the country, was set up in May 1991. It specializes in issues related to the wholesale market and its organizational framework. The Institute was modelled on Western research establishments. The Institute participated in developing blueprints for the Moscow Commodities Exchange. It is a member of the Inter-Regional and Russian Exchange Unions.

Mr **Andrei Yakovlev** is the head of research at the Institute. He is rather young: 26 years old. The talented scientist graduated from the Economics Department of the Moscow State University, after



which he worked as an economic analyst in the press and state-run agencies. He holds a master's degree in economics. He wrote his thesis under the guidance of the noted economist Yevgeny Yasin, one of the co-authors of the "500 Days" economic reform programme and now a representative of the government in parliament.

"...To develop one's own style"

"The main thing is to develop one's own style," – this is the opinion of **Tatiana Krasheninnikova,** a designer of fashion accessories. Those who have seen her creations will have no doubts as to whether she has attained her stated objective. The young artist uses leather to craft wonderful hats, hand-bags, shoes, and bracelets in the most fantastic forms.

As a student at the Moscow Technological Institute, Tatiana resolved to become an avant-garde designer. The accessories she makes are intended for bold, extravagant women who are not afraid of riveting the attention of all.

Krasheninnikova is constantly looking for new approaches. Her style combines precision and clearcut lines with a lack of symmetry and dynamism. When she creates three-dimensional objects, her attitude towards them is not unlike that of a sculptor. Tall cylindrical hats are for fashion shows. Others, less outrageous and with matching hand-bag and shoes, are for a night on the town. Supplementary materials include metal (chains and locks for hand-bags) and wood.

It stands to reason that the objects created by the artist function best together; ready-made shoes, for example, would not go with an original creation. Everything should be in complete harmony – the hairdo, makeup, brooches and waistband. Krasheninnikova's preferred colours are black, white, red and violet, but she is prone to contrasting the most unlikely colors, such as yellow and rose. She is sure that the possibilities of leather are unlimited and barely tapped.

Tatiana Krasheninnikova, who is 30 years old, has taken part in the exhibition "Young Russian Artists" at the National Exhibition Centre in Moscow, where she was awarded a silver medal and praised by the famous Russian costume designer Vyacheslav Zaitsev.

FROM THE 20th CENTURY POLITICAL THOUGHT

Introduced by *New Times* analyst **Rostislav Zolotaryov**

The author of original philosophical and legal works, which became the pride of Russian philosophy and law, Pavel Ivanovich Novgorodtsev was probably one of the brightest representatives of the Russian intellectual elite in the early part of this century. This talented scholar became the founder of the "idealistic school" in Russian philosophy of law and won repute as early as after his first steps in his scholarly career (his resolute opposition to legal positivism and advocacy of natural law in the dissertation "The Historical School of Jurists" published in 1896 met with a ready response both in Russian and foreign academic circles). He was a professor at Moscow University, and after his forced emigration from Bolshevik Russia he founded the Russian Faculty of Law in Prague. Novgorodtsev belonged to those thinkers whose creative talent and deep knowledge did not fit into the narrow framework of party programmes and declarations. The spirit of sectarianism and party exclusivity was from the very outset unacceptable to Novgorodtsev. He was a consistent opponent of all brands of dogmatism and a critic of any utopian radicalism (his last book *On the Social Ideal* may even today serve as an example of impeccable scientific analysis of utopian elements in the Marxist political doctrine.) He passionately advocated the idea of a law-governed state.

The collection of articles *Problems of Idealism* with contributions by P.B. Struve, N.A. Berdyayev, S.N. Bulgakov, S.P. Frank and other prominent Russian intellectuals, edited by him and published in 1902, lay the foundation for that kind of liberalism in the word's broad sense (liberal conservatism) which later manifested itself in the well-known collection *Landmarks (Vekhi 1909)* and *De Profundis* (1918). The idea of struggle against the maximalism of the Russian intelligentsia and the consistent advocacy of the priority of the state idea in the atmosphere of a decreasing in state consciousness in Russia were the common themes which united the contributors to these collections. The same idea occupies central position in one of his last works, the article entitled "Restitution of Sacred Values," excerpts of which we are offering to readers' attention.

This article once stirred up and continues today to stir up the greatest number of disputes and reproaches on his account. Written shortly before his death and published afterwards, this article was not only a sui generis summing-up of the scholar's reflections about Russia's destiny, it also reflected a certain evolution of his convictions in the last years of his life. However, this article by the outstanding Russian thinker corresponds to the spirit of our times, as if it were written today.

Restitution of sacred values

Pavel Novgorodtsev (1866–1924)

There can hardly be doubts that the time we are living through resolutely and imperiously demands new words. Those political creeds which only recently seemed great and epoch-making have obviously faded and lost attractiveness. They are still upheld only by small groups of political old-believers who have preserved the habit of living by abstractions and who increasingly find themselves on the roadside of life... Such illusions are impossible in the case of those who see, with pain in their hearts, the process of degradation and disintergration. It's clear to them that a new approach to life, a new attitude towards reality is necessary. It's precisely what V.D. Nabokov had in mind when he wrote three days before his death: "Where to?... What is the goal?.. Not so long ago 'democracy' – was a great word to us, full of meaning and value. What words and ideals will replace it now that it has fallen into decline?" (V.D. Nabokov, 1869 – 1992, was one of the leaders of Constitutional Democrats and the father of the famous writer Vladimir Nabokov. – **Ed.**)

This feeling of the decline of democratic idea, this vivid understanding of our need for a completely new perception of life, of Russia and of our tasks is precisely the basis for the present revision in our former creeds and values. The logic of this revision is extremely simple and irrefutable: if democratic idea had always and in all circumstances possessed genuine creative power, it would have brought Russia to freedom and grandeur and not to destruction and slavery; if it lacked this power, this means that either this power was insufficient under these circumstances or it failed to be implemented. At the outset of the revolution democracy was protected by people whom society promoted as its best and most capable. These people got down to their job with the firm belief that Russia faced the dawn of a better day. And if their efforts proved futile, if, as a result, Russia was brought to the brink of ruin instead of the expected grandeur, this means that their theories were wrong in something most important and fundamental...

The Provisional Government had nothing to counterpose to the process of destruction except its faith in the ultimate triumph of freedom and in its moral power. It made "voluntary obedience of free citizens to the power they themselves have created" the principle of its rule. It didn't want to resort to "old violent methods of rule," it didn't want "violence and coersion..." As V.D. Nabokov justly wrote in his memoirs about the Provisional Government, "this ideology was very akin to the ideology of anarchism." In fact, this concept of freedom which was recognized here as the norm of state rule did away with the idea of state, power and law... In its desire to resemble the old power as little as possible the Provisional Government eventually ceased to be power at all. It was a legalized anarchy rather than democracy.

All these achievements made by peasants, workers, nationalities and all sorts of professional and ethnic groups and strata were of such a nature that they not only abolished former limitations and affirmed new rights, but they also destroyed the integral unity of the state: being put forward and implemented with regard to the integral whole that was the historical Russia, they were to inevitably bring this whole to disintegration... In the conditions of Russian life... revolution came to be headed not by those who were able to resist this tendency, but by those who gave in to it... Thus, under the banner of "revolutionary achievements" Russia irresistably gave way to the triumph of Bolshevism. Prince Lvov, Kerensky and Lenin are inseparably linked to each other. Prince Lvov is as "guilty of Kerensky" as the latter is of Lenin... The tactics of complacent non-resistance to evil used by Prince Lvov as a system of state rule became, in Kerensky's case, a system of indulging evil, disguised in the phraseology of a "revolutionary fairy tale" and of the welfare of

the state, and in Lenin's, a system of openly serving evil which assumed the form of merciless class struggle and the destruction of all those unwanted by the rulers... In the conditions of universal anarchy the path to power and despotism is open primarily to the worst brand of demagogy. Thus Prince Lvov's and Kerensky's legalized anarchy naturally and unavoidably made room for Lenin's demagogical despotism...

Those who obstinately fail to learn anything still continue talking about "revolutionary achievements." Isn't it though the time to clearly and resolutely recognize at last in the face of the mortally suffering Russia that the revolution which has brought her to the brink of ruin is not an achievement, a victory or a triumph of an ethical idea but a punishment, suffering and tragedy. I don't mean to say that there were no reasons for it in the past, nor do I indend to discuss here whether or not it was unavoidable given these particular circumstances. I only insist that even if it had been unavoidable, then precisely as suffering, retribution and redemption. It's also evident that a renaissance should occur not under the banner of "revolutionary achievements" but under a new banner which will indicate a new path to the Russian people...

> Those who will firmly replace Soviet leaders will certainly reject the party ideology as a worn-out rag...

The people who were promoted by the "revolution from above" were distinguished by their trust in the people, in "the people's intellect and unshakable will." They were convinced that the people, once delivered from the old fetters, would fully demonstrate their wisdom and wonders of patriotism, courage and justice. They believed that "the soul of the Russian people would turn out to be the universal democratic soul by its very nature" and that "it was not only ready to merge with world-wide democracy, but also to head it and lead it along the path of mankind's evolution guided by the great principles of liberty, fraternity and brotherhood." It turned out in reality that, as a result of the revolution, Russia not only failed to merge with world-wide democracy and lead it, on the contrary, it counterposed itself to it as a system of dictatorial, despotic and destructive rule. As a picture of famine and diseases, of desolution and self-destruction, Russia embodied in our horrible time Chaadayev's bitter presentiments: "We seem to live in order to teach mankind a great lesson."

If we understand by democracy an organized self-rule by the people combined with legal stability and a free life, we will have to admit that there was no democracy both at its outset under Prince Lvov and Kerensky and in the course of its subsequent evolution under the dominance of the Soviet power... This bankruptcy of the democratic idea in the Russian revolution once made P.N. Milyukov put forward the absolutely justified demand "to revise all democratic programmes which, though they gave nothing to the people, wanted to create everything through the people." However, at the time of the revolution not only the popular masses in Russia proved "indiscriminating and dull," the cultural forces themselves which were called upon to organize democracy revealed their political immaturity and inability to exercise power and rule.

Freedom in a state is affirmed only on the basis of legal order protected by power. B.N. Chicherin once tried to inculcate in the Russian mentality this idea of the organic link between political freedom and a firmness of law and power. The political mentality of the Russian intelligentsia was formed, however, not under the influence of Chicherin's state liberalism but under the impact of Bakunin's *narodnik* anarchism. The decisive principle of the latter was not respect for the historical tasks of state power, but faith in the creative force of revolution and in the creativity of the popular masses. Suffice it to shatter and destroy the old state power and the old order, and everything will be settled by itself then... It goes without saying that neither democracy nor self-rule were possible on the basis of such views. As early as May, at one of the painful sobering up moments, Kerensky was compelled to ask himself bitterly: "Is a free Russian state a state of riotous slaves?" and expressed pity that he hadn't died two months earlier... "harbouring the great dream that a new life began for Russia once and for all and that we will be able to respect one another without a whip or a cudgel and run the state not as former despots did." Kerensky failed to understand once again that it was not a matter of a whip and a cudgel but of a state being a state and that Russia existed in those common conditions in which alone the existence of a state is at all possible. The new rulers of the Russian people wanted to liberate them not only from the old methods of rule, but also of these universal conditions of ruling, and here was the reason for their complete failure. They were ousted by those who wanted to make Russia not the vanguard of democracy but the vanguard of a world-wide riot. At this new stage of revolution, precisely those who shortly before that took the old chains off the people with so much fervent faith were subjected to the most severe prosecutions. Such was the tragic end a flamboyant hopes of *narodniks* populists who stood on guard of the "revolutionary achievements." The romantic faith in the people's element, in the invariable truth and perfection of its free manifestations, was crushed together with them. It was a... sentimental and romantic, yet, at the same time, positivist and materialist faith. It recognized the people in their natural and immediately observable aspect. It lacked the awareness that in the people's soul, as in any other soul, there are positive and negative sides and that for this very reason the people are capable of both a lofty tide of heroism and wisdom and "a senseless and merciless riot." The Russian populists overlooked the power of this dark side of the people's soul, and this was their greatest mistake and tragedy...

This is not the time to celebrate the victory of the revolution and sum up its achievements. This would be a pervertion of both common sense and ethical sense given that we face an impoverished and steadily growing more and more barbarous motherland. We should admit once and for all that the path of "revolutionary achievements has been trodden to the end, that we have to embark on a different path – that of "unification of Russian lands and restoration of the Russian state." When Russian democratic parties compiled their programmes in the olden times, they set themselves the task of making Russia, which was not free, a really free country. Now all Russian people are faced with an immeasurably heavier and more urgent task, that of making our dying motherland alive again. This new task requires an absolutely new spirit, a radical change in political mentality and in our attitude towards our mother country. The attempts to restore it under the banner of "revolutionary achievements" and the hopes to save her in the spirit of revolutionary and class ambitions mean that we don't understand nor feel in what a terrible time we live and how great is our responsibility. The re-creation of Russia is possible only through a heroic impulse of common national unity, only through the spirit of participation in higher principles and supreme values, through the awareness of one's responsibility before the integral whole. This must silence and neutralize the spirit of class controversies and revolutionary demands...

When those who look into the future now insist that a certain political demand should be unfailingly fulfilled in the would-be Russia, that, for instance, the right to own property and political freedom should be guaranteed to peasants there, we will answer: both property and political freedom are, of course, necessary to Russia, and as such, they must be rooted in life; yet, in order that this could happen, it is necessary for the fallen and prostrate Russia to rise and be called back to life; it is necessary that the Russian people stop dying out because of the ravings of communism and because of continuing revolutionary experiments. This is the most important objective for all of us... Those who will firmly replace the Soviet regime will be, apparently, strong enough to reject all party provisions and programmes as waste.

Every time that I reread the wonderful description of the Troubled Times in Klyuchevsky's textbook and habitually find a lot in common between those days and today, I read the following words by our brilliant historian with special attention: "The Moscow state presented a picture of utter desolation by the end of the year 1611... The state was turning into a sort of shapeless and restless federation... But from the end of 1611 when political forces exhausted themselves, religious and national forces began waking up, they came to the rescue of the dying country." I see in these words not only an excellent historical generalization, I also see in them a no less remarkable forecast important for the future...

> Russia is forced now to earn her return from hell, her resurrection, through great sacrifices and unspoken sufferings

Another reminiscence relating to different, more glorious and more well-known time involuntarily comes to mind: when France led by the genious of Bonaparte was parting with its revolution of the 18th century, it did it under the motto "No more factions," as parties were called those days, "the nation is first!" It was under this motto that Napoleon appeased France worn out by the upheavals and feuds of the revolutionary period. These two examples, ours and a foreign one, demonstrate in the best possible way the importance of the national principle as a symbol of unification of national force and restoration of state unity...

Russia redeems now its national consciousness at the price of great sacrifices and unspoken sufferings. Tedious and thorny is our path towards the conviction that Russia and Russian culture are above all parties and political dogmas... This national pathos is quite comprehensible and beneficial to the Russian mentality in which party mentality dominated over national one for a very long time. Not so long ago no progressive party could dare call itself a Russian national party, which was considered false and shameful, not to mention Socialist and internationalist parties which regarded the national principle as a vestige of the past. Parties which regarded themselves as state parties prided themselves on dissolving all class distinctions and were proud of being supranational and uniting on equal terms representatives of all peoples inhabiting Russia, attempting to raise them above national peculiarities and distinctions. It seemed only correct and progressive that people are united into political parties by abstract ties of liberalism and humanism and by principles of equality, freedom, democracy and the law-governed state. It has never dawned upon anyone that, apart from such abstract principles, all residents of Russia who were brought up in the craddle of Russian culture and under the protection of the Russian state, must be united by yet one more, stronger, supreme principle, the devotion to Russian culture and the Russian people. In its ideal sense this is precisely the supreme spiritual tie. It far from rejects ethnic and cultural identity of separate groups of the population. Each of them may honour and advance their own culture, but let them do it on the basis of respect and devotion to the great treasures of Russian culture. This is not oppression, but communion to the supreme unity, not only formal and legal, but also spiritual.

Now it seems absolutely natural and simple for us to speak about the priority of the Russian people and culture in Russia and in the Russian state. However, not so long ago a proposal officially made to the authorities to substitute the words "the peoples of Russia" for the words "the Russian people" was seriously discussed, and even today there are organizations which, although not socialist, diffidently disguise their Russian identity by the use of the purely geographic reference to being "Russia's."

But what does it mean to return to national self-awareness and accept, in the entire plenitude of the meaning of this word, the demand for devotion to Russia and Russian culture? This, of course, primarily means to place Russia's interests above one's own, individual or group, class or party interests and ambitions; this means first and foremost seeing Russia as one integral whole...

The banner of "revolutionary achievements" was enough to do away with Russia; yet it's far from sufficient to restore it. A new banner, that of "restitution of sacred values," is needed in order to revive Russia, and primarily the restitution of the sacred Russian soul which connects the present with the past, the present generation with bygone ones and the entire people with God; it's the lot of the people, the talent God has entrusted them...

Those who don't want to remember their kinship and are ashamed of their historical past will never understand what is the national feeling and love for one's motherland. They fear the gloomy shadows of the past and fail to see its creative basis. They would like to repaint their country into the colours of the only salutary universal human civilization and they are not aware of its profound principles. They want to love a Russia corresponding to their abstract concepts and not the true and real Russia.

The genuine national feeling does not limit itself only to bending to the awareness of common ties and common roots, rejecting all that is partial and accidental, partisan and particular, group and sectarian. It consists also in perception of the soul of one's people and their specific and unique face. The face of Russia, at one time so terrible and repulsive and at another touching and sweet is a stumbling block and a riddle to many Russians and foreigners alike. It's difficult, extremely difficult to preserve devotion to Russia nowadays. Many have fallen into temptation both in the West and in our country and don't believe in her any more; they think that Russia has perished, and perished due to her own faults. Yet the genuine national feeling can't be led into temptation, it tends the mother country's wounds and sores lovingly and with care and believes that a new life, a different and peculiar Russian life is being born beyond these wounds and sores... However, it's necessary to go even further than that, it's necessary to try to understand Russia's special paths, her special lot and destiny and to see, as our great poets and thinkers teach us, her live soul and vocation under her unseemly attire, without measuring her with foreign yardsticks but trying to help her to walk her path for the benefit of her own people and all of mankind...

Prepared for publication by Nikolai OMELCHENKO

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